

Town	Economic Base	Place Identity	Quantitative Growth Potential	Quantitative Development Potential	Human Needs
Darling	Tourism/Residential	Kaleidoscope of agriculture, arts and flowers	Low	Low	Low
Kalbaskraal, Chatsworth and Riverlands	Residential	Symbiotic metropolitan-rural lifestyle	Very low	Medium	Medium
Koringberg	Residential	Small Swartland village	Very low	Low	Medium
Malmesbury (including Abbotsdale)	Regional service centre	Bread basket of the Western Cape	High	High	Low
Moorreesburg	Agricultural service centre	Swartland wheat town	Medium	Medium	Low
Riebeek Kasteel	Agri-tourism/ Residential	Cultural heritage and scenic environment	Low	Low	Low
Riebeek West	Agricultural/Mining	Cultural heritage and scenic environment	Low	Low	Low
Yzerfontein	Sea-tourism/Residential	Coastal recreation	Medium	Low	Very low

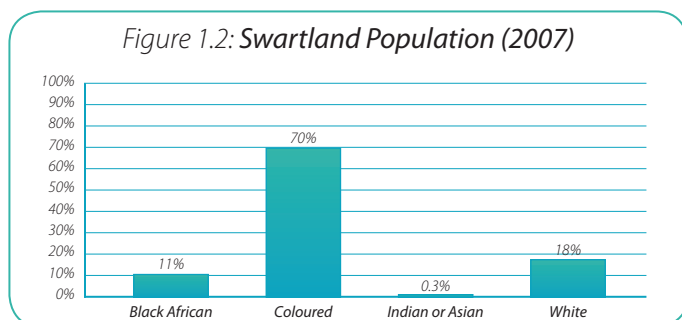
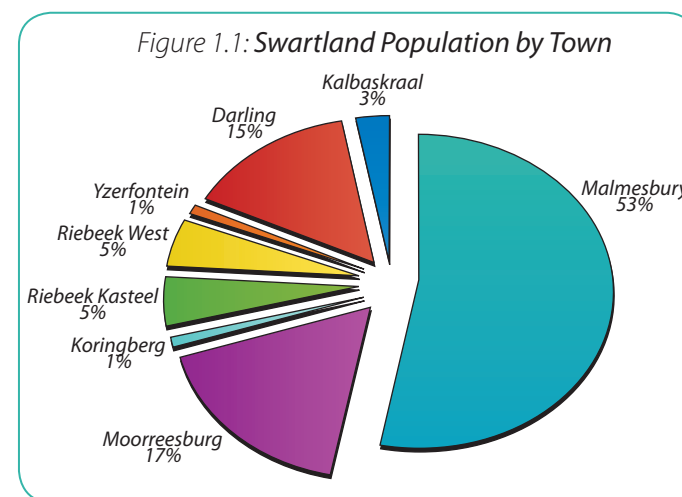
1.4 DEMOGRAPHIC OVERVIEW

POPULATION ESTIMATES

The Swartland Municipal area has approximately 84 000 residents. The majority of residents reside in Malmesbury which has approximately 25 000 – 30 000 residents (see Figure 1.1). The largest three towns in the area are:

- Malmesbury (53% of the total population)
- Moorreesburg (17% of the total population)
- Darling (15% of the total population)

These 84 000 residents represent approximately 15 000 formal households which receive services from the municipality. Current investment trends indicate more growth in the southern towns in the municipal area. Malmesbury is expected to grow significantly within the coming 20 years, and it is expected that the town's share of the total population will increase significantly.



POPULATION COMPOSITION

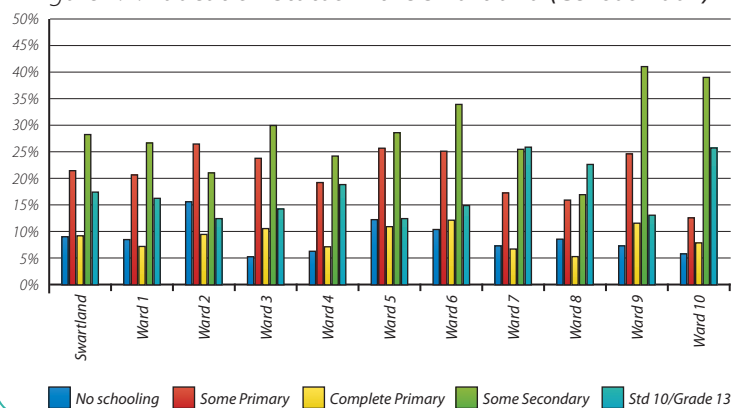
The Coloured population is the largest in the region, and constitutes approximately 70% (see Figure 1.2) of the total population. It is expected that the Coloured population will increase at 3% per annum over the medium term. The Black African population constituted 11% in 2007, but it is expected that this segment of the population has increased significantly and that the trend will continue in the medium to long term (10% growth/annum is expected). The White population, which was approximately 18% of the total population during 2007, is expected to decrease over the medium to long term at a rate of -1.2% per annum.

POPULATION STRUCTURE

The population structure (Figure 1.3) of the area suggests the following:

- A fairly equal distribution between male and female
- Decrease in the natural growth of the population (the decline in the age cohort 0-4)
- An exodus from the area for the age cohort 20-24, possibly due to the lack of tertiary education facilities
- A proportional increase of people aged 30-34 (more evident in males, which can suggest migrant workers)

Figure 1.4: Education Status in the Swartland (Census 2001)



EDUCATION

As indicated in Figure 1.4, the area in general has a high level of unschooled residents (approximately 8%) and only 17% of all residents have completed Standard 10 (Grade 12). Ward 2 has the highest level of unschooled residents (15%) while Ward 10 has the best levels of education (more than 25% of the population has completed Standard 10/Grade 12).

The relatively poor levels of education in the area are of concern as this has a negative impact on the development of the region.

EMPLOYMENT

The Swartland Municipal Area has fairly high levels of employment (65% of the total population is employed; 91% of the economically active population is employed). The employment ratio between different population groups shows minor differences, with the White population having the highest employment rate.

Figure 1.5 indicates the employment status in the Swartland, according to the 2001 Census.

Marginal differences in employment status exist between males and females, although females have a significantly higher percentage classified as Not Economically Active.

The Swartland economy is mainly driven through agriculture, government, manufacturing and trade. Though tourism is not reflected in the table, evidence suggests that tourism has not been a major contributor to the economy. Tourism overlaps with a number of other sectors, such as trade, finance and services. The Swartland attracts only 2 percent of Western Cape domestic tourists, and possibly an equal percentage of foreign tourists. Tourism accounts for some 10 percent of Gross Regional Product (GRP) for municipalities in the Western Cape. This figure may be similar for Swartland. The discussion below focuses specifically on the sectors that are currently driving the economy, as well as those that hold the greatest potential to drive the Swartland economy in the future.

Figure 1.3: Population Structure (Census 2001)

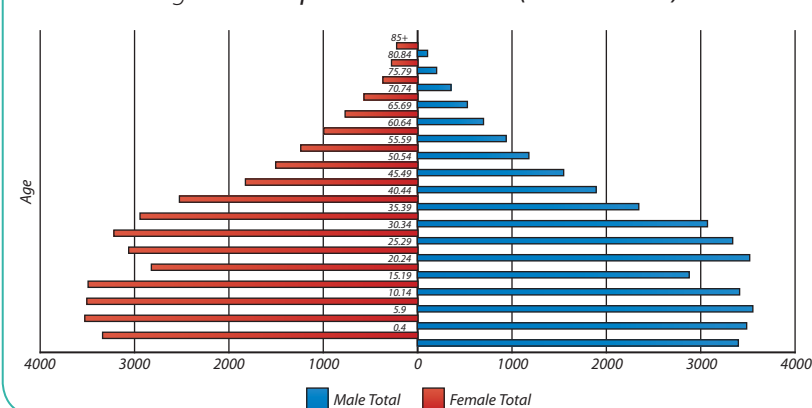
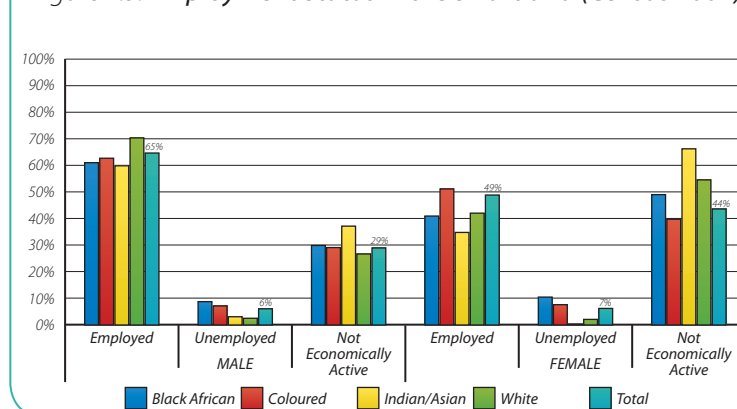


Figure 1.5: Employment Status in the Swartland (Census 2001)



The following table indicates the sector contribution to the GRP (Gross Regional Product) for the Swartland Municipal Area:

Sector	% of GRP	% of Employment	Rank GRP	Rank Employment
Agriculture	25	30	1	1
Mining	1	0.9	9	8
Manufacturing	17.7	14	3	4
Electricity & Water	2	0.6	8	9
Construction	4	6	7	5
Trade	13	19.7	4	2
Transport	7.6	5	6	7
Finance	7.7	5.8	5	6
Govenment	22	18	2	3
Total	100	100		

Although there is a degree of diversity, the economy is largely driven by the agricultural sector. Agriculture is both the main employer, and makes the greatest contribution to GRP. Agriculture within the Swartland is diverse. It consists farming grapes, olives, dairy, canola, legumes, sheep and beef. This diversity underlies the stability and sustainability of the agricultural sector in this area.

The Swartland is known as **the bread basket** of the Western Cape, because it is one of the main wheat producing areas within the winter rainfall region. With wheat as the main agricultural crop it adds a degree of volatility to the agricultural sector. This volatility stems from wheat being a high-risk crop, especially within the context of drought and falling wheat prices.

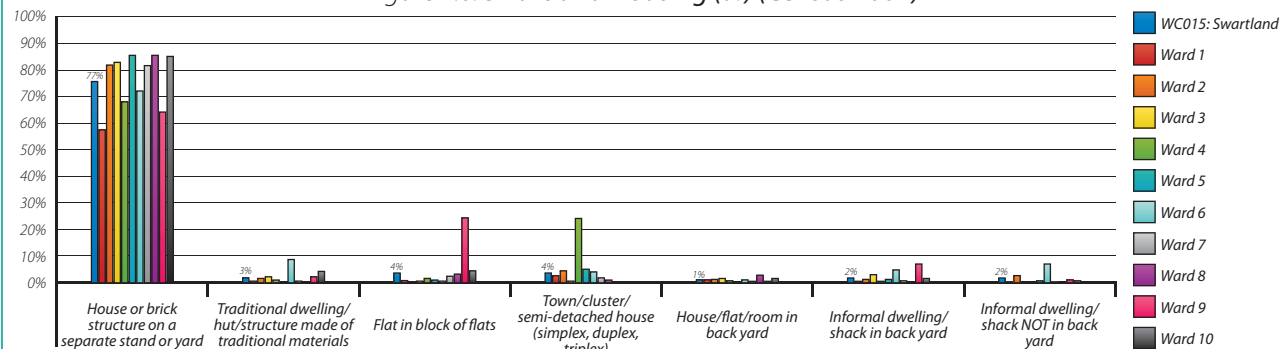


HOUSING

During 2001, Swartland Municipality had approximately 77% of all residents living in formal brick structures. Due to the growth in the municipal area, the housing waiting lists have increased to 9 600 units.

A variety of low cost housing projects have been planned for the coming 5 years, totaling 1300 household units.

Figure 1.6: Swartland Housing (%) (Census 2001)



	Current Household on Service (Water)	Low Cost Housing	Waiting Lists
Malmesbury	2695	0	0
Westbank	3223	0	2392
Ilinge Lethu	1241	0	903
Malmesbury TOTAL	7159	0	3295
Abbotsdale	618	300	590
Riverlands	318	0	164
Kalbaskraal	393	0	301
Chatsworth	276	381	524
Darling	1898	540	1772
Yzerfontein	1118	0	7
Moorreesburg	3010	0	1000
PPC	79	0	0
Riebeek West	690	300	883
Riebeek Kasteel	1049	0	884
Koringberg	302	0	180
TOTAL	16 910	1 521	9 600

1.5 EQUITABLE SHARE AND INDIGENT POLICY

Swartland Municipality has an indigent policy in terms of which free basic services are rendered to households of which the total gross income of all members of the household normally residing on the premises, inclusive of the income of any other person who lives with the household on the premises, is equal to or less than twice the age grant paid by the State to qualifying beneficiaries as from time to time determined by the Minister of Welfare, plus 10%.

During the 2007/2008 financial year this threshold was **R2 068.00** and **R2 222.00** for the 2008/2009 financial year, compared to R800.00 prescribed by National Government.

Swartland Municipality also subsidises property rates to a municipal valuation of equal to or less than R75 500.00, whilst property rates are excluded in the package prescribed by government to be subsidised. Furthermore, Swartland Municipality subsidises 10kl of water for indigent households compared to the 6kl water free to every household as prescribed by government. These extra subsidies have been included into the subsidy package of Swartland Municipality to prevent legal action to be taken against the very poor households, which may result in people losing their houses due to sales in execution, etc.

NATIONAL INDICATOR Indigent Policy

Total number of households earning less than R1 100 per month	4040
Total number of households earning less than R1 100 per month who received free basic water	4004
Total number of households earning less than R1 100 per month who received free basic sanitation	3799
Total number of households earning less than R1 100 per month who received free basic electricity	3784
% of the Equitable Share used for free basic services	100%

CHAPTER 2: PERFORMANCE HIGHLIGHTS



2.1 INTRODUCTION

Local government is responsible for providing a variety of basic services, such as water, sanitation, electricity and refuse removal services. As required by the Local Government: Municipal Systems Act (Act 32 of 2000), the municipality set itself certain service delivery targets for the 2008/2009 financial year. These targets were formulated after thorough internal and external consultation, and based on the available resources. During the course of the year, performance against the set targets were tracked and evaluated. This early warning system allowed the municipality to address risks and mitigate the impact of challenges.

This chapter will look in more detail at the municipality's performance with regard to service delivery during the 2008/2009 financial year. The 2008/2009 Annual Performance Report is attached in Annexure 1.

2.2 INFRASTRUCTURE AND SERVICE DELIVERY INNOVATIONS

The following infrastructure and service delivery innovations were also undertaken:

WATER SERVICES

WATER CONSERVATION AND DEMAND MANAGEMENT STRATEGY

A water conservation demand management strategy, which aims at conserving and protecting available resources and at ensuring the effective utilization of available water resources, was implemented in 2008/09.

The following initiatives were implemented with success:

- a step tariff to encourage water users to use water effectively;
- consultation with large industrial water users to promote water savings;
- water loss management by means of leak detection;
- active pressure management; and
- flow control.

WATER MASTER PLANNING

A water master plan was compiled, focusing on the 20 year development of Malmesbury. This plan was aligned with the 20 year growth estimates of the town and aligned with the long term spatial pattern of the larger Malmesbury region. The plan focuses in detail on bulk resource supply, reticulation networks, storage systems and costing models.



SANITATION

The municipality has embarked on a variety of capital projects aimed at improving the management and treatment of sanitation in the region.

DARLING WASTE WATER TREATMENT WORKS

During 2007/08, the Darling Waste Water Treatment Works was commissioned. The new facility utilizes activated sludge treatment processes, which replaced the oxidation pond system. This system ensures legal compliance and adequate effluent quality.

Huge development within the industry in Darling has caused the planning of further development during 2008/09.

MALMESBURY WASTE WATER TREATMENT WORKS

Extensive research revealed that the existing Malmesbury facility requires upgrade. Subsequent detailed analysis revealed that the most appropriate solution to the current predicted deficiencies is the application of membrane bio-reactor technologies.

This type of technology has the following advantages:

- Using membrane technology allows for the optimalization of the current site. Other technology alternatives (with the same output) cannot be accommodated on the existing site. This approach mitigates the higher capital investment by delivering higher environmental benefits.
- It is currently the most environmentally sustainable technology, compared to current conventional treatment options.
- The design of the membrane technology was completed during 2008/09 and tenders will be invited in November/December 2009.
- Since Malmesbury is the first rural town in South Africa making use of the membrane technology, the tender specifications and documentation will be unique and therefore presents huge challenges.



ELECTRICITY

ENERGY SAVING MEASURES

In response to the shortage of electricity generating capacity experienced by Eskom and the resultant national energy emergency, Swartland Municipality adopted measures to curtail and manage the efficient usage of electricity in the region. The following measures, inter alia, were made compulsory for new developments:

- only energy efficient type lamps, i.e. compact fluorescent, fluorescent, discharge lamps or other energy efficient type lighting will be allowed;
- where remote control demand side management networks are established and/or for all residential and commercial developments exceeding R750 000 or 300m², all electrical geysers shall be equipped with approved remote control units as well as approved solar water heating panels;
- all other built-in space heating, ventilation and cooling systems as well as swimming-pool pumps shall also be remotely controlled; and
- all electrical geysers and pipe work shall be fitted with approved thermal insulation.

In addition, a comprehensive brochure with saving tips and measures promoting the efficient usage of electricity was compiled and distributed in the electricity supply area. In Malmesbury a remote control demand side management system for electrical geysers became operational successfully to curtail electricity maximum demand during peak periods.



REFURBISHMENT OF OBSOLETE AND DANGEROUS ELECTRICAL SWITCHGEAR

Several electrical substations are equipped with 40 year old obsolete bulk oil insulated high voltage switchgear. Operation of such switchgear is dangerous as remote control is not possible and the operator is exposed to electrical arc flash and/or oil vapor explosion in the event of failure. The cost of replacement of such switchgear is prohibitive and logistically problematic, since the power supply cannot be disrupted for extended periods.

A phase 1 project to retrofit new advanced technology circuit breakers within the old panels, upgrading of the obsolete protection systems and the provision of remote control facilities was therefore undertaken. The project was successfully executed with minimal disruption of the power supply and at a cost saving of approximately 50% compared to replacement of the switchgear. As a result, further similar upgrading projects have been initiated and planned for the following financial years.

ELECTRIFICATION PROJECT

An electrification project for 540 new low cost houses in Darling was undertaken. The application of innovative appropriate technology, i.e. overhead medium and low voltages mid block reticulation, pole mounted transformers, overhead service connections and split prepayment metering technology resulted in significant cost savings compared to underground networks as well as enhanced metering security.

Further, since the houses comprise four separate rooms, internal electrical installations comprising energy efficient lighting and socket outlets in addition to the standard readyboard are installed.



SOLID WASTE AND ENVIRONMENTAL MANAGEMENT

COMMUNITY EMPOWERMENT

- The existing eight one-man contracts were increased to ten to clear open spaces of strewn refuse.
- A tender was allocated for a community-based project, whereby refuse removal and street sweeping in Riverlands, Chatsworth and Kalbaskraal are done, to be continued with for three more years.
- A tender was awarded for the hand sweeping of Malmesbury, Riebeek Kasteel, Riebeek West and PPC by local residents to be continued with for another three years.
- A project whereby the streets in all towns were swept of sand, created approximately 110 jobs over a period of 5 weeks.

RECYCLING AND WASTE REDUCTION

- The R1 million that was awarded to Swartland Municipality for winning the National Cleanest Town competition in 2006/07, as well as the R1 million prize money won in the 2007/08 competition, which was respectively earmarked to establish a composting plant in Moorreesburg and for recycling igloos, is still awaited from the Department of Environmental Affairs and Tourism.
- The storm water adjacent to the road towards the main landfill site at Highlands was upgraded with brick paving.
- 30-35% of waste material was recycled at the Material Recycling Facility at the Highlands landfill site.



GENERAL

- One x REL (Rear End Loader) refuse compactor was purchased in 2008/09.
- One 4 ton truck for clearing of illegal dumping and cleaning of open spaces was acquired to replace the use of a tractor in Moorreesburg.
- An old digger and 4 ton truck were obtained to control illegal dumping.
- Swartland Municipality achieved second position in the provincial Cleanest Town Competition.

REGIONAL SERVICE PROVIDER

Negotiations regarding the management of waste on a contractual basis for the Berg River Municipality were finalized between Swartland Municipality, Berg River Municipality and West Coast District Municipality. The refuse generated by Berg River Municipality will be managed at the Highlands facility from January 2010.

CLEANING SERVICE

Ten one-man contracts are in place to clean open spaces, whereby approximately 50 jobs are created.

The municipality has an extensive recycling programme in place at its Highlands Landfill site. The Highlands Material Recovery Facility (MRF), recycles approximately 30% to 35% in volume of refuse received.

AWARENESS RAISING

Swartland Municipality realizes that capacitating people is central to the management of the environment. Various initiatives were undertaken to raise awareness regarding the environment:

- **SCHOOLS**
 - School holiday programs, including clean-up campaigns were presented.
 - The municipality took part in projects by providing transport and materials.
 - The municipality supplied bags to assist schools with fund-raising.
 - Environmental education forms part of the school curriculum to promote a cleaner environment (initiated by the Department of Environmental Affairs and Tourism).
 - Car license disks were distributed at schools.
- **OTHER**
 - Car refuse bags were distributed at schools to promote a cleaner environment.
 - Car refuse bags were distributed at taxi ranks.
 - The Municipal Police was utilized to distribute car refuse bags at road blocks.



STORM WATER MANAGEMENT

The municipality has embarked on a planning process aimed at ensuring the integrated management of the Diep River system through Malmesbury. Master planning is being undertaken to examine detailed storm water management options, given the envisaged expansion of the greater Malmesbury region. The planning process focuses on the development of retention and detention structures aimed at minimizing and mitigating environmental impacts.

The part of the Diep Rivier that flows through Malmesbury has been cleaned up to prevent flooding.

BLUE FLAG BEACHES

In order to capitalize on the natural resources along the West Coast, the municipality has initiated a process to register the Yzerfontein beach as a Blue Flag Beach. Beaches with this classification are internationally recognized for their high aesthetic and environmental quality. Pilot Blue Flag Status was awarded for the second time in respect of the December 2008/09 season, with full Blue Flag status imminent in respect of the 2009/10 holiday season.

ROADS

REGIONAL TRANSPORT PLANNING

Given the potential impact of the envisaged expansion of the PPC plant in the Riebeeck Valley, the municipality has, in collaboration with a variety of stakeholders, embarked on a transport planning project. This project is aimed at determining the scope of impact of the project, and to make recommendations regarding transport planning. Members of the project steering committee include the Municipality, SANRAL, Provincial Department of Transport and Public Works, the District Roads Engineer and the West Coast District Municipality.

Various studies undertaken by the above-mentioned organisations during 2008/09 are captured into one document to stimulate development.

HOUSING

The construction of 540 low-cost houses in Darling was a highlight for 2008/09.

In collaboration with the National Department of Human Settlements and the National Homebuilders Registration Council (NHBRC), this project was identified to pilot the Youth in Housing Programme in the Western Cape, whereby 24 youths between the ages of 18 and 35 were recruited in Darling to take part in training courses in – inter alia – construction management, carpentry and bricklaying. Those learners who were successful, will also be accommodated in future housing projects.

The municipality furthermore, in joint venture with the National and Provincial Departments of Housing, presented housing consumer training sessions to new home-owners, dealing with various topics, e.g. Understanding your Municipal Account, Sanitation, Health and Hygiene, Maintaining your Home.

URBAN EFFICIENCY AND SPATIAL PLANNING

URBAN EDGES

After extensive analysis and consultation with public, private and government stakeholders, the municipality has managed to approve urban edges for 7 of the 11 towns in its area. All applications have been lodged with the provincial government, and feedback has been received. The Municipality is now in a position to finalise the urban edges of all its towns.

HERITAGE PLANNING AND MANAGEMENT

The municipality undertook an extensive project to ensure proper heritage management in the area. The project was aimed at determining the classification of heritage worthy structures in order to be aligned with the appropriate sphere of responsibility. The complete survey document has been referred to the relevant provincial department for finalization.

Central to this project is also the goal of developing sufficient capacity to deal with the relevant heritage applications.

COMMUNITY FACILITIES

SPORT FIELDS

The Swartland Parks division has embarked on a saving initiative aimed at reducing the maintenance costs of sport fields. Sport fields are treated with growth inhibitors to reduce growth. This subsequently reduces the demand for mowing, which in turn results in a saving on the maintenance budget.

YOUTH ADVISORY CENTRE

One of the highlights for the Community Development division was the performance of the Youth Advisory Centre (YAC). The YAC is a project that was established in 2006 in collaboration with the Umsobomvu Youth Fund. In 2008/09 the project organised a second career exhibition that was attended by 1351 learners from 10 schools.

In partnerships with the Department of Local Government and Housing and the Department of Public Works, youths were trained in bricklaying and other technical skills. In total the Youth Advisory Centre assisted 266 young people to enter training opportunities in 2008/09. Furthermore 271 entrepreneurs were assisted, for example to register their businesses or to get access to tender procedures.

YOUTH DEVELOPMENT

JUNIOR TOWN COUNCIL

The Swartland Junior Town Council (JTC) was established in March 2007. The JTC's primary focus is in the general welfare and social conditions of the youth in the Swartland area. In each term of office, certain projects are launched to improve the general wellbeing of the youth. *Mad about Me!*, a campaign against teenage abuse, was successfully run in October 2008.

The JTC consists of two grade 10 and two grade 11 learners from each of the secondary schools in the Swartland. Elections are held at the schools in February each year to appoint new grade 10 learners to the council. The council is currently headed by Devonne Pharaoh (Junior Mayor) and Lize Spies (Junior Deputy Mayor), both from Swartland High School.

SONDEZA AFRI-YOUTH CAMP

The 5th Sondeza Afri-Youth camp, which is presented by Swartland Municipality in partnership with the West Coast District Municipality and ABSA, was held at the Ganzekraal Resort from 25 November until 5 December 2008.

Ninety youth leaders, ranging in ages from 15 to 17, attended the camp which was presented under the theme 'Putting your best foot forward to make a change'. The contingent not only included learners from the West Coast schools, but various delegates from England, Germany, Russia, Lithuania, Israel, Ethiopia and Hungary.

Themes that were dealt with included Building Self Insight, Emotional Intelligence, the Youth Environment, Experiential Learning and HIV/Aids. At the end of the camp, learners must each identify a community project of which they must take charge in their respective communities or at their schools.

CLIENT SERVICES

During January 2009, a participative process with both external and internal customers was initiated to evaluate the services rendered by the municipality, with a view to formulate mutually acceptable standards for the (both primary and secondary) services that are rendered. The municipality's own and first client services charter will be introduced to the public early in 2010.



MUNICIPAL POLICE SERVICES

The Swartland Municipal Police Service (SMPS) has during 2008/09 established itself as the leading law enforcement agency within the West Coast, not only in terms of its narcotic unit, but also through the rendering of assistance to the primary law enforcement agencies such as the South African Police Service.

EXPANSION OF K9 UNIT

The narcotic dog unit was expanded from one to four dogs during 2008/09, thereby ensuring that all the shifts in Malmesbury now have a narcotic dog unit on their team. These dogs are not only utilized to combat drug trafficking, but are also utilized as part of the SMPS's social crime prevention strategy, in terms of which awareness campaigns and programmes are presented at various schools and NGO's.

DISPLACED PERSON UNIT

Part of the social crime prevention strategy of the Municipal Police is to reintegrate the homeless, especially children, with their families. This function falls under the auspices of the social crime prevention unit of the SMPS.

This strategy was extended not only to include Malmesbury, but all of the Swartland.



100% MIG UTILIZATION

The Municipal Infrastructure Grant (MIG) allocation for 2008/2009 was R5,780,000.00. The full amount was successfully spent during the financial year. A Project Management Unit (PMU) was successfully implemented that resulted in project and financial reporting to the provincial and national requirements.

The following project was completed:

2008/2009 PROJECT	PLANNED/ACTUAL EXPENDITURE 2008/09	PLANNED/ACTUAL EXPENDITURE 2007/08
Resealing of streets: Swartland area	R5,780,000,00	R2,872,372,00

2.3 LEVEL AND STANDARDS OF SERVICES

Like any organisation, the municipality must define the minimum service levels for all its services. The minimum service level also define the service backlogs, as all households with services lower than the minimum service can be considered as households with backlogs. Within the Swartland municipal area, the majority of backlogs are in ward 7, which ward includes the towns of Chatsworth, Riverlands, Abbotsdale and Kalbaskraal.

The National Government has also indicated certain service targets based on set minimum standards. These targets are closely linked to the United Nations' Millennium Goals and include universal access to refuse removal by 2010. Most of the national service delivery targets has been addressed, although ward 7 and the rural (that is non-urban) areas still present some challenges. The delivery of services in the rural areas also presents the municipality with unique problems, such as the issue of ownership and affordability.

Table 2.1 gives a detailed description of the minimum service levels of the respective services provided by the municipality, as well as the current status quo of those services. These service levels also reflect the national key performance indicators.

Table 2.1: Level and Standard of Service

Minimum Service Level	Status
WATER	
Household access	100% households have access in urban areas.
Water within 200 meters	351 households on farms do not have access. (Water Services Demand Plan, October 2009 - page 8)
SANITATION	
Household access	99,3% of households have access in urban areas.
RDP standard	431 households on farms do not have access. (Water Services Demand Plan, October 2009 - page 9)
Waste Treatment Plants	
Cleared biochemical testing	
REFUSE REMOVAL	
Refuse Removal	100% household refuse removal
2/week food related sites	100% food related sites (in some bigger towns more than 2/ week)
1/week household and business	
Street cleaning	100% residential
1/week all CBD's	100% CBD's (in some bigger towns more than once/week up to daily)
1/ month residential	
ELECTRICITY	
Household Access to Electricity 20/230V (Excluding ESKOM service areas)	100% urban
Street Lighting SABS specification	80% urban

Minimum Service Level	Status
ROADS	
All urban households have access to gravel road	100% of all erven have access to minimum service
FREE BASIC SERVICES	
Indigent households are subsidized as follows: <ul style="list-style-type: none"> • 10 kl water • 50kWh electricity • Free refuse removal • Sewerage • Property rates to a valuation of R75 500.00 	All registered indigent households receive free services

NATIONAL WATER SERVICE REGULATION STRATEGY (NWSRS)

In terms of the National Water Service Regulation Strategy (Department of Water Affairs and Forestry, 2006), the municipality also has to report on the following indicators related to water and sanitation services:

Focus Area	Ref no	Indicator	Definition	2008/2009 Performance
1. Access to a basic water supply service	1.1	Percentage access to water supply	Proportion of people with access to at least a basic level of water supply as defined in the Strategic Framework	100%
	1.2	Absolute backlog (water supply)	Number of people without access to at least a basic water supply (as per the definition in the Strategic Framework). This includes both those served but to below basic level and those with no formal service.	0
	1.3	Rate of reduction in backlog (water supply)	The percentage reduction in the number of people without access to at least a basic water supply (as per the definition in the Strategic Framework).	0
	1.4	Households with access to a free basic water supply service	The number of households with access to a free basic water supply service as defined in the Strategic Framework.	100%

Focus Area	Ref no	Indicator	Definition	2008/2009 Performance
2. Access to a basic sanitation service	2.1	Percentage access to a basic sanitation service	The proportion of households with access to at least a basic level of sanitation service.	100%
	2.2	Absolute backlog (sanitation)	Number of households without access to at least a basic sanitation services (as per the definition in the Strategic Framework). This includes both those served but to below basic level, those with a bucket disposal service and those with no services.	0
	2.3	Rate of reduction in backlog (sanitation)	The percentage reduction in the number of households without access to at least a basic level of sanitation (as per the definition in the Strategic Framework).	0
	2.4	Households with access to a free basic sanitation service	The number of households with access to a free basic sanitation service as defined in the Strategic Framework.	100%
3. Drinking water quality	3.1	Programme of water quality monitoring is in place	The water services authority has instituted a programme of drinking water sampling in accordance with the DWQF (Drinking Water Quality Framework) and SANS 0241:2005 requirements. The following elements must be satisfied. 1) testing requirements and standards are clearly defined for each source and supply area; 2) sampling is taking place as required; 3) tests are done through an accredited laboratory (accredited for the test regime); 4) results are recorded and stored; and 5) results are reported.	complied only for biological parameters
	3.2	Water quality indicators	The percentage of samples (per annum) taken in monitoring drinking water quality that meet or exceed the allowable quality parameters. A failure for one parameter represents a failure of the sample. 1) percentage sample failure (E-coli) 2) percentage sample failure (turbidity)	0 0
4. Impact on the environment	4.1	% of treatment wastewater treatment works which are operating in terms of a current license	Number of wastewater treatment works operating in terms of a valid and current license divided by the total number of wastewater treatment works in the area.	75%

Focus Area	Ref no	Indicator	Definition	2008/2009 Performance
4. Impact on the environment	4.2	Efficient quality monitoring system is in place	The water services authority is implementing an effluent discharge quality monitoring programme in accordance with nationally defined minimum standards. This has the following elements: 1) effluent discharge standards are clearly defined for each discharge point; 2) samples are taken as per the relevant standard; 3) samples are tested in an accredited laboratory, (accredited for the test regime); 4) sample results are recorded and stored; and 5) results are reported.	complied
	4.3	% of samples passing the minimum standard	The percentage of samples taken in monitoring effluent quality that meet or exceed the minimum requirements (flow-weighted by discharge point). That is: (Sum(samples passing/samples taken) x flow)/Total flow. (By parameter & averaged); for the key parameters only.	89%
	4.4	% of treatment works meeting the license conditions	A treatment works is considered to meet the license conditions if it meets the required standards 97% of the time.	100%
Note: Wastewater treatment effluent quality is monitored and reported on by water services authorities. Compliance with discharge licenses is monitored by DWAF.				
5. Strategic asset management	5.1	Asset management plan in place	An asset management plan for water and sanitation infrastructure and operations in place and approved by Council. (Note: The minimum requirements of what constitutes an asset management plan will be defined)	no
	5.2	Audited water services asset register	Water services asset register to the required standards in place and receiving an unqualified audit report	no
6. Water use efficiency	6.1	Meter coverage	The percentage metered end-use (retail, individual) connections in relation to the total number of end-use (retail, individual) connections	100%
	6.2	Unaccounted-for water	(volume supplied into network less volume accounted for) / volume supplied into network.) (Note: This is a simplified definition of unaccounted-for water. The International Water Association methodology of measuring water losses, non-revenue water and unaccounted-for water will be promoted and the definition will be refined over time as capacity to measure improvement in the sector)	14,9%
7. Basic sanitation provision	7.1	Monitoring the impacts of on-site sanitation systems	The water services authority has a programme in place to monitor and assess the environmental conditions and impacts of on-site dry sanitation and non reticulated systems	no

Focus Area	Ref no	Indicator	Definition	2008/2009 Performance
7. Basic sanitation provision	7.1	Monitoring the impacts of on-site sanitation systems	The water services authority has a programme in place to monitor and assess the environmental conditions and impacts of on-site dry sanitation and non reticulated systems	no
8. Customer service standards	8.1	Continuity of water supply - number of interruptions of greater than 6 hours, 24 hours and 48 hrs per incident	The number of interruptions of greater than 6 hours, 24 hours and 48 hours per incident per recorded per year	2 of 6 hours 0 of 24 hours 0 of 48 hours
	8.2 (see note below)	Continuity of water supply - number of households experiencing an interruption of greater than 48 hours	Number of households that have experienced interruptions of greater than 48 hours or more for a single incident	0
<i>Note: The indicator for continuity of supply, the number of households experiencing interruptions to water services, has been identified as a critical aspirant indicator to be implemented at a later stage.</i>				
9. Financial performance	9.1	Water services finances ring- fenced and audited	Water services finances ring-fenced, a separate audit of the ring-fenced water services finances undertaken and the receipt of an unqualified audit report thereon. (Note: see definition of ring-fencing provided in main text of Strategy)	Yes
	9.2	Collection efficiency	The comparison of the amount of revenue collected from water sales to amount billed to consumers for water sales	Revenue collected: R19,711,803.67 Amount billed to water sales: R20,623,494.93
	9.3	Average debtor days (water)	The total outstanding debt for water less provisions for bad debt, divided by annual revenue from the sale of water, expressed in days. (Net debt/revenue x 365)	36,5
	9.4	Financial self reliance	Ratio of income (accrued revenue) from the sale of water to consumers to total annual (operating) expenses for water (including interest charges and depreciation)	1,03:1
	9.5	Average domestic tariff	A measure of average water services user charges, including fixed charges for a normal (non-indigent) domestic consumer at 10kl per month and 30 kl per month	R5,38
10. Institutional performance	10.1	Number of employees per 1000 connections	Number of employees employed by the water services authority in the execution of the water and sanitation services business per 1000 water services connections (includes temporary and contracted staff)	3
	10.2	Water services authority annual report submitted to Minister	Water services authority annual report as required by the Water Services Act (see Regulation 10 in Annexure 1) submitted to the Minister of Water and Forestry	complied

2.4 BACKLOGS IN SERVICE DELIVERY

As indicated in the previous section, service backlogs must be addressed as a matter of urgency. The following targets for the eradication of backlogs exist:

- All communities have access to decent sanitation by 2010
- Easy access to basic sanitation for all households
- Eradication of bucket toilets by 2007
- All communities have access to water by 2008
- Easy access to clean running water for all households
- Eradication of diseases such as cholera and other waterborne diseases
- All communities have access to electricity by 2012
- All communities have access to decent refuse removal by 2010

Table 2.2 gives a detailed description of the municipality's response regarding the provision of services and the eradication of backlogs. The municipality is still in the process of determining the service backlogs in rural services.

Table 2.2: Service levels and backlogs

Service Type			Budget	Actual
Water	Standpipe within 200m			
Backlog to be eliminated	Households (HH) not receiving Minimum standard of service	0 (urban)		
Backlog to be eliminated (%)	HH not receiving minimum standard of service / Total no HH in area	0		
Number of hh receiving minimum service during year	No of connections / units	100%		
R Spending on new infrastructure to eliminate backlogs	Total Capital Budget for Water		Rnil	Rnil
R Spending on renewal of infrastructure to eliminate backlogs			R 1,200,000	R 1,200,000
Total spending to eliminate backlogs			R 1,200,000	R 1,200,000
Spending on Maintenance to ensure no new backlogs are created	Operating Budget		R 20,472,590	R 20,472,590

Service Type			Budget	Actual
Sanitation	Waterborne Sanitation			
Backlogs to be eliminated	HH not receiving Minimum standard of service	111		
Backlog to be eliminated (%)	HH not receiving minimum standard of service / Total no HH in area	0,7%		
Number of hh receiving minimum service during year	No of connections / units	99,50%		
R Spending on new infrastructure to eliminate backlogs	Total Capital Budget for Sanitation		R 7,566,217	R 7,566,217
R Spending on renewal of infrastructure to eliminate backlogs			R 15,567,891	R 15,567,891
Total spending to eliminate backlogs			R 23,134,108	R 23,134,108
Spending on Maintenance to ensure no new backlogs are created	Operating Budget		R 14,233,945	R 14,233,945

Service innovation

Name: Malmesbury Waste Water Treatment Works (WWTW) upgrade

Description: A hybrid system will be constructed. This will incorporate a new membrane bio-reactor system with the existing activated sludge treatment works in order to utilize existing infrastructure optimally.

Roads	Graveled Road			
Backlogs to be eliminated	HH not receiving Minimum standard of service			
Backlog to be eliminated (%)	HH not receiving minimum standard of service / Total no HH in area			
Number of hh receiving minimum service during year	No of connections / units			
R Spending on new infrastructure to eliminate backlogs	Total Capital Budget for Roads		R 4,100,000	R 4,100,000
R Spending on renewal of infrastructure to eliminate backlogs			R 3,000,000	R 3,000,000
Total spending to eliminate backlogs			R 7,100,000	R 7,100,000
Spending on Maintenance to ensure no new backlogs are created	Operating Budget		R 10,584,888	R 10,584,888

Service Type		Budget		Actual
Electricity	50kWh			
Backlogs to be eliminated	HH not receiving minimum standard of service	All proclaimed erven including informal housing area provided with minimum standard of service		
Backlog to be eliminated (%)	HH not receiving minimum standard of service / total no HH in area	N/A		
Number of hh receiving minimum service during year	Number of connections / units			14,828
R Spending on new infrastructure to eliminate backlogs		N/A		
R Spending on renewal of infrastructure to eliminate backlogs		N/A		
Total spending to eliminate backlogs		N/A		
Spending on Maintenance to ensure no new backlogs are created			R 850,602	R 1,069,960

Service innovation

Name: Refurbishment of obsolete electrical switchgear

Description: Innovative technology was applied to refurbish obsolete equipment at a significant cost saving and with minimal disruption of supply.

Housing				
Backlogs to be eliminated	HH not receiving minimum standard of service			
Backlog to be eliminated (%)	HH not receiving minimum standard of service / Total no HH in area			
Number of hh receiving minimum service during year	Number of connections / units	540		
R Spending on new infrastructure to eliminate backlogs				
R Spending on renewal of infrastructure to eliminate backlogs				
Total spending to eliminate backlogs			R 747,532,800	R 747,532,800
Spending on Maintenance to ensure no new backlogs are created				

Service innovation

Name: Projects planned for subsequent years

Description: Chatsworth (381); Riebeeck West (300); Abbotsdale (300)

2.5 APPROVAL OF SUBDIVISIONS, REZONINGS AND BUILDING PLANS

The following tables indicate the approval of subdivisions and rezoning, as well as the approval of building plans during the 2008/2009 financial year. As is clear from Table 2.3, land use activities have decreased with 30%. One of the core development strategies of the municipality is to promote integrated residential growth by offering a quality residential alternative to Cape Town and other satellite towns. A process was initiated to coordinate all the development initiatives in and around Malmesbury, which is experiencing the highest development pressure (see section below). This process will also be rolled out to all other towns in the Swartland.

A total of 1096 building plans have been submitted, amounting to R244,113,995 in total, which represents a 45% decrease from 2007/08 (R440,105,100) as a result of the recession in the economy as a whole. The actual number of building plans has increased with 23% from 894 in 2007/08 to 1096 in 2008/09, but this includes 540 RDP dwellings within the town of Darling.

Table 2.3: Subdivisions and Rezoning 2001-2009

	Subdivisions	Rezoning	Total	% increase/decrease
2000	29	11	70	
2001	61	15	76	8.57%
2002	59	19	78	2.63%
2003	61	13	74	-5.13%
2004	71	22	93	25.68%
2005	100	17	117	25.81%
2006	130	44	174	48.72%
2007	131	32	163	-6.32%
2008	99	34	133	-18.4%
2009	61	31	92	-30%

Table 2.4: Approval of Building Plans, 2008/09

Category	Applications outstanding 1 July 2008	Number of new applications received 2007/2008	Number of applications received 2008/2009	Total value of applications received Rand (07/08)	Total value of applications received Rand (08/09)	Applications outstanding 30 June 2009	Percentage approved in time
Building Plans approved	0	894	1096	R440,105,100	R244,113,995	0	Not available
Residential new	0	218	639	R210,692,000	R 96,358,500	0	Not available
Residential additions	0	403	294	R 92,120,600	R 65,784,145	0	Not available
Commercial	0	13	4	R 27,290,000	R 4,501,500	0	Not available
Industrial	0	26	9	R 51,415,000	R 7,845,500	0	Not available
Rural sheds	0	16	9	R 44,367,000	R 5,657,000	0	Not available
Other	0	218	141	R 14,220,500	R 63,967,350	0	Not available

2.6 FREE BASIC SERVICES

As mentioned in the section dealing with the equitable share allocation, the Swartland Municipality has an indigent policy in terms of which free basic services are rendered to households of which the total gross income of all members of the household normally residing on the premises, inclusive of the income of any other person who lives with the household on the premises, is equal to or less than twice the age grant paid by the State to qualifying beneficiaries as from time to time determined by the Minister of Social Services, plus 10%.



CHAPTER 3: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

3.1 INTRODUCTION

Swartland Municipality aims to ensure service delivery of the best possible quality for all the inhabitants of the Municipality. To achieve this, a prime goal of the Municipality's Human Resource Strategy is:

To create a flexible organization that enables optimal performance by developing and retaining a properly skilled representative workforce.

Swartland Municipality considers its human resources as one of its most critical assets. This chapter will focus on some of the key issues relating to human resources and other organizational management issues. Issues which will be addressed includes the staffing rate of the municipality, personnel cost, the status quo of retirement funds and medical aid schemes, human resource policies and practices, as well as the remuneration of senior officials and councillors.

3.2 STAFFING

The design of Swartland Municipality's organisational structure is the product of an inclusive process based on the principle of "structure follows strategy." The structure reflects and gives optimal effect to the vision, mission and strategic priorities of the Municipality. The design is appropriate to deliver on the Constitutional mandate and statutory functions of the Municipality by devolution of authority, clear lines of responsibility, directed at the client and enabling participation by its major stakeholders. Further to this, the structure promotes performance management, flexibility, human resources development and is financially viable.

The Municipality consists of six directorates, namely Protection Services, Corporate Services, Financial Services, Civil Engineering Services, Development Services and Electrical Engineering Services (refer to Figure 3.1 below). The staff per function and the number of vacancies is indicated in Table 3.1 below.



Figure 3.1: Macro Structure June 2009

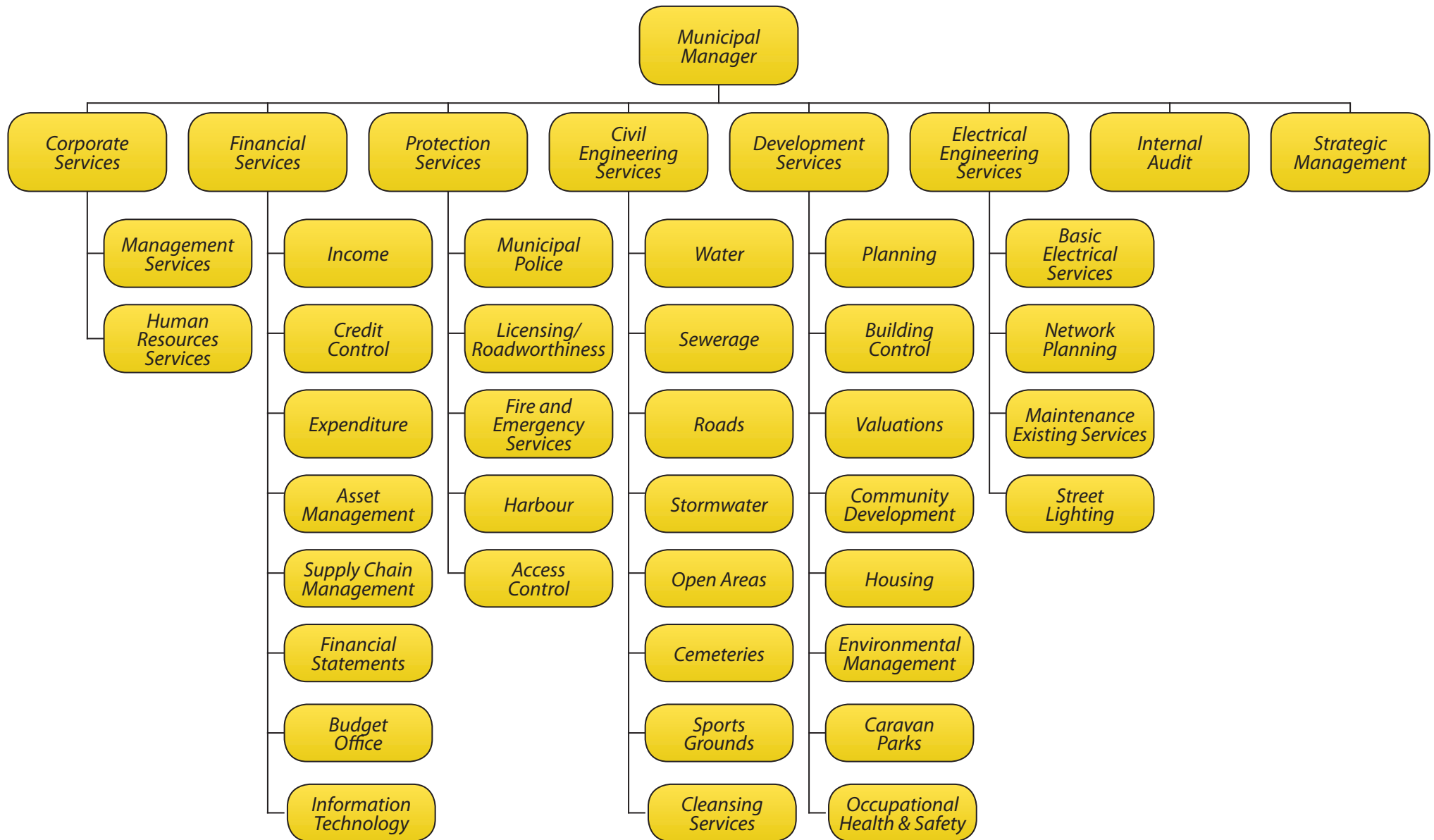


Table 3.1: Current municipal staff

	Water		Sanitation		Solid Waste		Roads		Parks & Facilities		Electricity		Protection Services	
Number of staff per function		%		%		%		%		%		%		%
Total	44	100	36	100	66	100	86	100	49	100	41	100	72	100
Positions filled	43	98	35	97	66	100	83	96	48	98	37	90	66	92
Vacancies	1	2	1	3	0	0	3	4	1	2	4	10	6	8
Skill Level														
Management	0	0	0	0	0	0	1	1	0	0	1	3	1	2
Professionals	4	9	2	6	3	5	1	1	2	4	5	13	1	2
Artisans	6	14	2	6	0	0	8	9	8	17	7	19		
Clerical	0	0	0	0	0	0	1	1	5	10	0	0	62	94
Unskilled	33	77	31	88	63	95	73	88	33	69	24	65	2	2

	Development Services		Housing		Corporate Services		Human Resources		Financial Services		Office of the Municipal Manager	
Number of staff per function		%		%		%		%		%		%
Total	23	100	3	100	50	100	4	100	78	100	5	100
Positions filled	19	83	3	100	47	94	4	100	67	86	5	100
Vacancies	4	17	0	0	3	6	0	0	11	14	0	0
Skill Level												
Management	1	5	0	0	0	0	0	0	1	1	1	20
Professionals	11	58	1	33	8	17	3	75	6	9	2	40
Artisans	0	0	0	0	0	0	0	0	0	0	0	0
Clerical	6	32	2	67	22	47	1	25	60	90	2	40
Unskilled	1	5	0	0	17	36	0	0	0	0	0	0

In terms of the occupational categories profile, Swartland has overall achieved a representative workforce. The Municipality recognizes the challenge of employment equity at senior management level.

Table 3.2: Occupational category Profiles

OCCUPATIONAL CATEGORIES PROFILE																	
CATEGORY	AFRICAN				COLOURED				ASIAN				WHITE				GRAND
	M	F	D		M	F	D		M	F	D		M	F	D		TOTAL
			M	F			M	F			M	F			M	F	
Legislators, senior officials and managers					1								5				6
Professionals					2	1							11	4			18
Technicians and associate professionals					11	5							7	6			29
Clerks	3				24	50								25			102
Service and sales workers	4	2			36	12	1						8	1			63
Skilled agricultural and fishery workers														1			1
Craft and related trades workers					22								9				31
Plant and machine operators and assemblers	3				35								1				39
Elementary occupations	45	4			164	23	2						3				239
TOTAL	55	6			295	91	3						44	37			528
GRAND TOTAL	55	6			295	91	3						44	37			528
PERCENTAGE (%)	10.4	1.2			55.9	17.2	0.6						8.3	7			100

OCCUPATIONAL LEVELS PROFILE																	
Top management													1				1
Senior management					1								4				5
Professionally qualified and experienced specialists and mid-management					3								14	5			22
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1				27	7							17	13			65
Semi-skilled and discretionary decision making	8	1			95	62	1						5	19			190
Unskilled and defined decision making	46	5			169	22	2						3				245
TOTAL	55	6			295	91	2						44	37			528
GRAND TOTAL	55	6			295	91	2						44	37			528
PERCENTAGE (%)	10.4	1.2			55.9	17.2	0.6						8.3	7			100

Abbreviations: M=Male, F=Female, D=Disabled

3.3 PERSONNEL COST

The following tables and charts indicate the actual expenditure on personnel from 2005 until 2009. As is clear from Table 3.4, the actual expenditure of most functions was reasonably in line with the budgeted amounts.

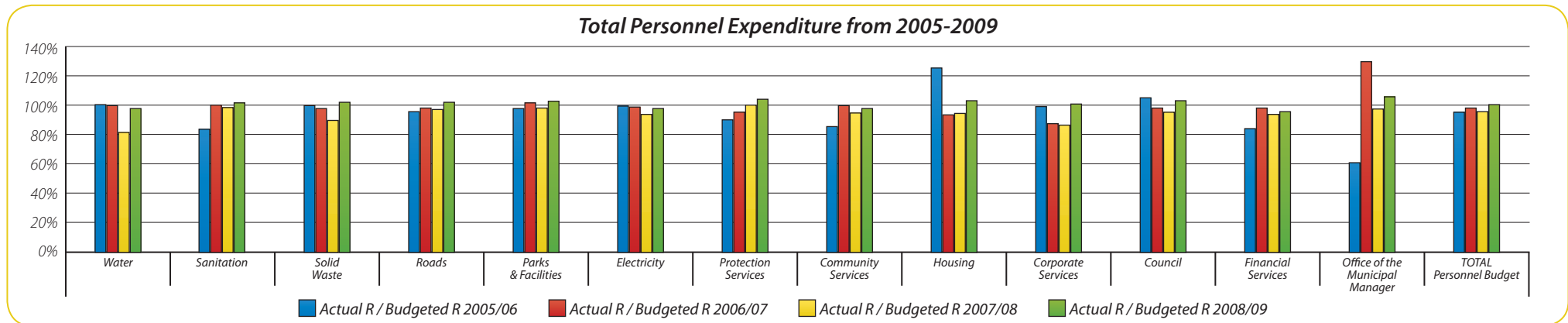
Table 3.3: Total personnel expenditure compared to total personnel budget

Total personnel expenditure compared to total personnel budget	Actual 2005/06	Budget (05/06)	Actual 2006/07	Budget (06/07)	Actual 2007/08	Budget (07/08)	Actual 2008/09	Budget (08/09)
Water	5,623,039	5,626,920	6,305,291.47	6,393,015.00	6,526,324	7,922,418	6,765,117	7,056,917
Sanitation	2,260,773	2,674,340	4,433,958.03	4,419,599.00	4,927,356	5,051,670	5,523,124	5,355,210
Solid Waste	3,704,610	3,750,377	2,966,902.02	3,085,844.00	3,462,301	3,880,580	3,749,659	3,648,107
Roads	4,581,874	4,951,566	5,394,414.98	5,607,625.00	6,075,095	6,406,494	6,826,674	6,576,623
Parks & Facilities	2,497,010	2,584,168	3,075,389.38	3,003,929.00	3,356,676	3,487,217	4,090,393	3,889,787
Electricity	4,516,710	4,612,849	4,920,481.33	5,025,672.00	5,266,064	5,860,693	5,909,633	6,171,450
Protection Services	7,101,249	7,810,793	8,647,116.06	8,981,898.00	9,835,552	9,795,193	11,533,475	10,993,371
Community Services	5,822,033	6,813,390	6,767,854.61	6,872,079.00	2,896,945	3,128,559	4,189,802	4,279,613
Housing	473,989	382,838	509,283.47	558,642.00	594,652	631,016	668,663	638,960
Corporate Services	5,618,752	5,819,303	6,337,363.12	7,266,047.00	7,654,107	8,950,436	8,881,253	8,818,610
Council	2,281,894	2,153,529	4,134,066.80	4,306,559.00	4,441,623	4,756,870	6,697,675	6,430,209
Financial Services	6,909,478	8,190,337	10,020,620.06	10,334,524.00	11,690,350	12,712,067	12,866,186	13,741,230
Office of the Municipal Manager	472,987	775,021	1,464,216.20	1,157,808.00	1,961,857	2,045,271	2,266,503	2,133,210
TOTAL Personnel budget	51,864,398	56,145,431	64,976,957.53	67,013,241.00	68,688,902	74,628,484	79,968,158	79,733,297

Table 3.4: Actual % of personnel budget spent per function

Total personnel expenditure compared to total budget	Actual R / Budgeted R 2005/06	Actual R / Budgeted R 2006/07	Actual R / Budgeted R 2007/08	Actual R / Budgeted R 2008/09
Water	100%	98.63%	82.38%	95.87%
Sanitation	85%	100.32%	97.54%	103.14%
Solid Waste	99%	96.15%	89.22%	102.78%
Roads	93%	96.20%	94.83%	103.80%
Parks & Facilities	97%	102.38%	96.26%	105.16%
Electricity	98%	97.91%	89.85%	95.76%
Protection Services	91%	96.27%	100.41%	104.91%
Community Services	85%	98.48%	92.60%	97.90%
Housing	124%	91.16%	94.24%	104.65%
Corporate Services	97%	87.22%	85.52%	100.71%
Council	106%	95.99%	93.37%	104.16%
Financial Services	84%	96.96%	90.16%	93.63%
Office of the Municipal Manager	61%	126.46%	91.96%	106.25%
TOTAL Personnel budget	92%	96.96%	92.04%	100.29%

Table 3.2: Percentage of total personnel budget allocated to different functions



3.4 STATUS OF PENSION FUNDS AND MEDICAL AID FUNDS

The following tables indicate the current status quo with regard to the respective pension funds and medical aid funds. No risks and/or liabilities were identified with regard to the respective funds.

Table 3.5: Pension Funds

Pension funds (2008/09)	
Name:	Cape Joint Retirement Fund
Risk(s) / liabilities:	None
Name:	Cape Joint Pension Fund
Risk(s) / liabilities:	None
Name:	SAMWU National Provident Fund
Risk(s) / liabilities:	None
Name:	National Fund for Municipal Workers
Risk(s) / liabilities:	None

Table 3.6: Medical Aid funds

Medical Aid Funds (2007/08)	
Name:	Bonitas
Risk(s) / liabilities:	None
Name:	LA Health
Risk(s) / liabilities:	None
Name:	Keyhealth
Risk(s) / liabilities:	None
Name:	SAMWUMED
Risk(s) / liabilities:	None
Name:	Hosmed
Risk(s) / liabilities:	None

Table 3.6 indicates the status quo pertaining to the recognized medical aid funds.

3.5 POLICIES AND PRACTICES

The following section will deal with the human resource policies and practices of the municipality.

PROSPERITY PARTNERSHIP

The prosperity partnership project started in April 2008, where a series of Climate Creation Workshops, Senior Leadership Workshops, INVOCOM® Skills Development Workshops and a Key Leadership Summit was held, in order to develop and enhance leadership skills and communication skills and to create a workplace climate conducive to employee involvement through communication for commitment and innovation (INVOCOM®). INVOCOM® is an approach to ensure we talk about the right things, by involving the right people, at the right time and frequency and in the right way.

The INVOCOM® methodology is a delivery vehicle for improved business performance through organizational, operational and service excellence. This is achieved by:

- aligning and cascading strategic priorities, and the translation of these into tactical and operational goals and targets at all levels
- creating a culture of commitment and self-discipline
- ensuring employee involvement through effective communication and sharing of information
- empowering employees and mobilizing their talents
- reviewing performance, setting goals, identifying and solving problems
- facilitating continuous learning and growth through education, training and coaching
- encouraging and rewarding innovation and creativity

INVOCOMS® take place against a back-drop of specific “rules of the game”, as follows:

- No subjects are taboo
- Rational and non-emotional discussion
- Holistic perspective
- Systematic discussion
- Never to hurt, only to learn
- Objectivity of the leader

To ensure the sustainability of the Prosperity Partnership Project, six internal coaches manage the project and also coach and mentor the processes of INVOCOMS®. INVOCOMS® were launched on 1 September 2008 and is found to be very effective. The last Climate Creation Workshops for current employees were held during November 2008. Climate Creation Workshops for new employees will be held on an annual basis.

A value system for Swartland Municipality was also developed by employees for employees as part of the project and these values form part of the organizational culture and climate for exceptional service delivery. The values are: Mutual respect, Positive attitude, Honesty and integrity, Self-discipline, Solidarity and commitment, Support and Work in harmony.

ABET: ADULT BASIC EDUCATION AND TRAINING

During 2008/09 learners of Swartland municipality successfully achieved competencies in the levels as indicated below:

Learning Area	Number of learners as on 1 July 2008	Number of learners successfully completed during 2008/09 (including learners from lower levels successfully completing those levels)
Communication Level 1 Basic	1	1
Communication Level 1	4	4
Numeracy Level 1	5	5
Communication Level 2	12	12
Numeracy Level 2	5	5
Communication Level 3	7	7
Numeracy Level 3	12	12
Communication Level 4	6	6
Numeracy Level 4	10	10

A total of R382,683,00 was spent on ABET during the 2008/09 financial year. ABET is however an ongoing process.

LEARNERSHIPS

The company South African Value Education (SAVE) was appointed to conduct the Construction: Roadworks Learnership and the Water Academy to conduct the Water Learnership to municipalities within the West Coast Region. Three (3) employees from designated groups are doing the Construction: Roadworks Learnership, while nine (9) employees from designated groups are doing the Water Learnership. The learnerships commenced on 19 January 2009 and will conclude on 31 May 2010, whereafter the employees will receive a qualification in accordance with the National Qualifications Framework.

APPRENTICESHIPS

Three (3) employees were assessed by Northlink College on 11 September 2008 to recognize prior learning with regard to the Plumbing Trade. The assessments indicated that the employees were not yet ready to take the trade test for plumbing and they are to attend the full apprenticeship for plumbing with effect from 27 July 2009. Another one (1) employee was assessed by Northlink College on 11 September 2008 to recognize prior learning with regard to the Painting Trade. The assessment indicated that the employee was not yet ready to take for the trade test for painting and he is to attend the full apprenticeship for painting with effect from 27 July 2009.

TERTIARY SUPPORT

During 2008/09 R130 780 was spent on bursaries for existing staff. A study bursary scheme is in place where existing staff can enhance their qualifications.

WORKPLACE SKILLS PLAN

Swartland Municipality recognizes the obligations placed on it by the Skills Development Act to train and develop employees. In order to empower its employees and enhance its human capital, the Municipality provides various learning and development opportunities for employees and councillors.

The Workplace Skills Plan of the Municipality has been submitted to the Local Government SETA and annual implementation reports submitted.

In terms of the Local Government: Municipal Systems Act, the municipality also has to report on certain national performance indicators. Some of these indicators are directly associated with the work skills plan of the municipality. This indicator is indicated in the table below.

NATIONAL KEY PERFORMANCE INDICATOR

Total Budget	R247,658,300
Budgeted amount (WSP)	R506,756
Actual expenditure (WSP)	R365,298
Actual expenditure (WSP) %	72%
% of municipal budget actually spent on implementing the work skills plan	0.15%

3.6 ZERO BONUSES

Despite the legal provisions which enable municipality's to make performance bonuses available to the Municipal Manager and Section 57 Managers, the Swartland Municipality has decided to allow zero-based performance bonuses. Although performance is measured and monitored in a legally compliant manner, no performance bonus is paid out to the respective directors.

3.7 FINANCIAL DISCLOSURES

The following section will give a detailed description of the remuneration of councillors and senior officials during 2008/2009.

Table 3.7: Disclosures of Councillors

Disclosures concerning Councillors	Mayor	Deputy Mayor	Speaker	Mayoral Committee
Description				
Salaries and wages	321,930	255,600	255,600	696,150
Normal				
Overtime				
Contributions				
Pensions	48,488	38,340	38,340	104,422
Medical Aid	17,184	17,280	17,280	50,400
Other				
Allowance				
Travel and Motor Car	129,134	103,738	103,738	283,676
Accommodation				
Subsistence			3,467	
Housing Benefits and Allowances				
Loans and Advances other benefits and allowances	15,895	15,984	15,984	46,62
Arrears owed to municipality				

Table 3.8: Disclosures regarding Directors and Municipal Manager

Disclosures concerning Directors and Senior officials	Municipal Manager	Chief Financial Officer	Director: Civil Engineering Services	Director: Protection Services	Director: Electro-Technical Engineering Services	Director: Corporate Services	Director: Development Services
	<i>J Scholtz</i>	<i>K Cooper</i>	<i>A Botha</i>	<i>PAC Humphreys</i>	<i>R Du Toit</i>	<i>HF Prins (resigned 31/05/09)</i>	<i>J Steenkamp</i>
<i>Description</i>							
<i>Salaries and wages</i>	<i>703,841</i>	<i>395,140</i>	<i>450,310</i>	<i>385,525</i>	<i>371,495</i>	<i>355,838</i>	<i>453,335</i>
<i>Normal</i>							
<i>Overtime</i>							
<i>Contributions</i>							
<i>Pensions</i>	<i>137,249</i>	<i>77,052</i>	<i>87,810</i>	<i>75,177</i>	<i>72,441</i>	<i>49,580</i>	<i>88,400</i>
<i>Medical Aid</i>	<i>31,275</i>	<i>30,059</i>	<i>17,081</i>	<i>24,360</i>	<i>35,193</i>	<i>23,703</i>	<i>32,965</i>
<i>Other</i>	<i>1,497</i>	<i>1,497</i>	<i>1,497</i>	<i>1,497</i>	<i>1,497</i>	<i>1,497</i>	<i>1,497</i>
<i>Allowance</i>							
<i>Travel and Motor Car</i>	<i>168,652</i>	<i>190,205</i>	<i>87,582</i>	<i>189,748</i>	<i>172,817</i>	<i>142,808</i>	<i>101,307</i>
<i>Accommodation</i>							
<i>Subsistence</i>							
<i>Housing Benefits and Allowances</i>							
<i>Loans and Advances</i>							
<i>Other benefits and allowances</i>	<i>13,884</i>	<i>137,685</i>	<i>21,361</i>	<i>27,784</i>	<i>41,796</i>	<i>58,301</i>	<i>152,308</i>
<i>Arrears owed to municipality</i>							

CHAPTER 4: AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION

CHAPTER 4: AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION

The audited financial statements of the municipality are attached in Annexure 2. The audit report of the Auditor-General is attached in Annexure 3.

FINANCIAL VIABILITY ANALYSIS

As in the past, ZMS Management Solutions (Pty) Ltd has completed a viability analysis of the results reflected in the 2009 financial statements.

An extract from dr C J Kapp's report dated 5 November 2009, reads as follows:

"For 2009 the municipality scored 83% and 81% in 2008 in comparison to the 87% scored in 2007.

Although the results for 2009 indicate that the municipality has performed slightly better, it remains viable and has improved its cash situation remarkably. The situation reflects as follows:

	2008	2009
Cash and bank	134,363,906	197,766,041
Allocated to:		
Unspent conditional grants	9,082,730	11,534,086
Net current liabilities	12,959,364	10,223,062
Provision for post-retirement benefits	19,150,406	21,134,252
Non current provisions	2,483,370	3,102,826
Accumulated surplus	23,681,720	52,053,364
Housing Development Fund	0	2,828,029
Capital replacement reserve	67,006,316	96,890,422
	134,363,906	197,766,041

"This means that the municipality has R96,8 million available to finance future capital projects and can cover all its operating requirements. The amount available for capital can be increased as the provisions for retirement benefits and non current provisions do not need to be backed by cash. The Chief Financial Officer should make this calculation.

"The municipality can be congratulated by the excellent results and overall viability. The presentation and disclosure of results as reflected in the 2009 financial statements indicates that the responsible staff are competent and understand the complicated new Gamap and Grap requirements."

CHAPTER 5: FUNCTIONAL AREA SERVICE DELIVERY REPORTING

5.1 INTRODUCTION

This chapter is intended to provide comprehensive information on each functional area provided by the municipality. It includes an overview, description and detailed analysis of each function. Prior to the detailed analysis of the different services, a brief description of the Integrated Development Planning Process is provided.

Please note that a performance report covering the actual performance achieved over the financial year, and the variance between performance planned and actual performance, is attached as Annexure 1.

5.2 OVERVIEW OF INTEGRATED DEVELOPMENT PLAN (IDP)

The Council's Integrated Development Plan (IDP) was approved during May 2007. The second annual review of the IDP (called the IDP Annual Plan for 2009/2010) was approved in 28 May 2009. This high level strategic plan is aimed at developing the region through a hard/soft investment model based on the growth potential of towns in the region. Some of the IDP highlights during 2008/09 include:

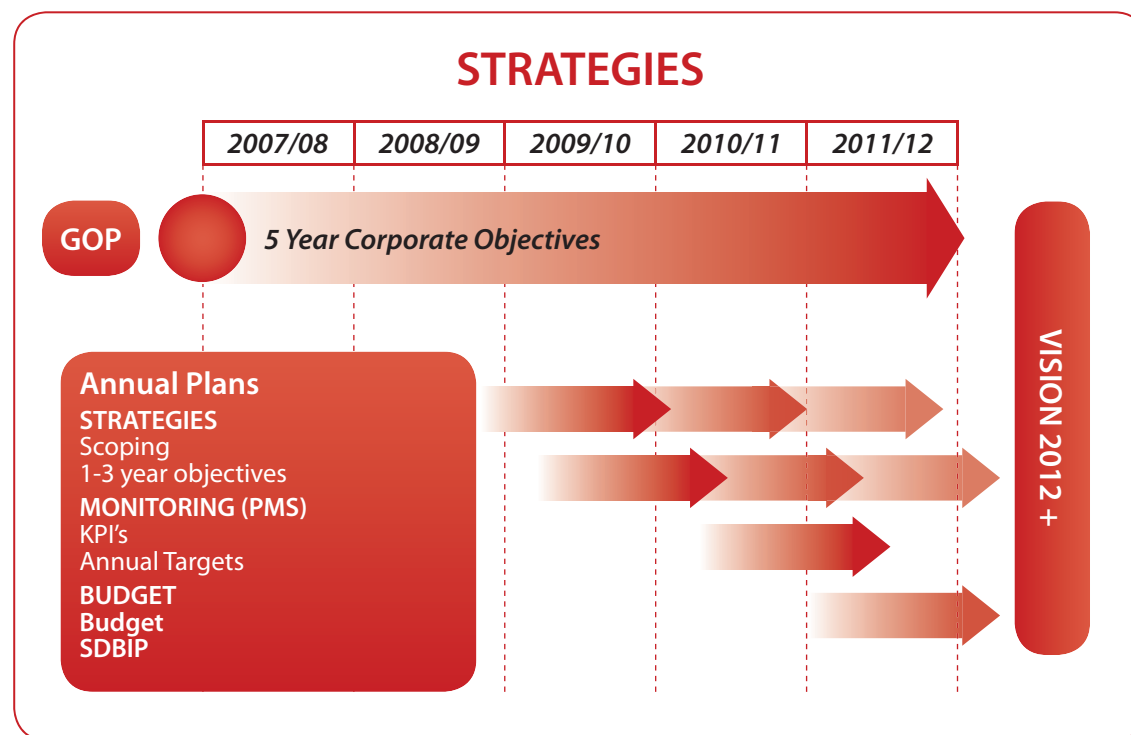
PARTICIPATIVE PLANNING PROCESS

The annual planning process included a comprehensive external and internal needs analysis that involved the majority of senior and middle management. Workshops were held with the respective directorates during which a comprehensive SWOT analysis was undertaken. Annual performance indicators, based on the feedback from the SWOT sessions and aligned with the approved 2009/2010 IDP Annual Plan were compiled for each directorate and division. This process ensures the implementation of the Integrated Development Plan.

SERVICES SURVEY

As in 2007, a services survey, which targeted all wards, was undertaken during October/November 2008. The survey focused, inter alia, on the water, sanitation, electricity, cleaning services, policing, accessibility and approvals. The benefits of keeping multi-year service statistics are significant and allow the municipality to:

- focus critical resources to the appropriate service;
- track the impacts of interventions over the medium term.



CLEAR IDP / BUDGET MANAGEMENT LINKS

The IDP Annual Plan for 2009/2010 has clearly defined strategic objectives, key performance indicators and annual targets. These are clearly linked with the annual budget and the Municipality's performance management system. It is therefore possible to trace any item in the budget or performance management system back to an IDP objective and target.

SWARTLAND MUNICIPALITY - GENERAL INFORMATION			
Reporting Level	Detail		Total
Overview:	The Swartland Municipal area is situated north of the Cape Metropole and consists of 11 towns, namely Abbotsdale, Chatsworth, Riverlands, Kalbaskraal, Malmesbury, Darling, Yzerfontein, Moorreesburg, Koringberg, Riebeek West and Riebeek Kasteel.		
Information:	Geography:		
1	Geographical area in square kilometers	3 700km ²	
	Demography:		
2	Total population	± 84 000	
3	Indigent Population	16 500	
4	Total number of voters	39 718	
5	Age breakdown of population:		
	• 65 years and over	6%	
	• between 40 and 64 years	23%	
	• between 15 and 39 years	44%	
	• 14 years and under	27%	
6	Household income:		
	• No income	5%	
	• R 1 - R 4,800	3%	
	• R 4,801 - R 9,600	14%	
	• R 9,601 - R 19,200	19%	
	• R 19,201 - R 38,400	24%	
	• R 38,401 - R 76,800	18%	
	• R 76,801 - R 153,600	11%	
	• R 153,601 - R 307,200	4%	
	• R 307,201 and more	2%	

Function: Reporting Level	Executive and Council Detail	Total 2008/2009	
Overview:	This section includes all activities relating to the executive and council function of the municipality.		
Description of the Activity:	<p>The function of executive and council within the municipality is administered as follows and includes:</p> <p>Swartland Municipality has a mayoral executive system combined with a ward participatory system, whereby executive leadership vests in the executive mayor who is assisted by a mayoral committee.</p> <p>In terms of delegation, all legislative powers vest in the executive mayor, except for those listed by law for exclusive decision-making by the full council, such as the adoption of by-laws, budgets and tariffs, the alienation of immovable property and the appointment of municipal manager.</p> <p>Recommendations on their respective portfolios are made for consideration to the executive mayor by four committees, appointed in terms of section 79 of the Structures Act, 1998, i.e. committees dealing with matters relating to (1) Administration and Finance, (2) Technical Services, (3) Community Services and (4) Community Safety.</p> <p>Ward committees are active in each of the municipality's ten wards, to advise the municipality on matters affecting the respective wards, in an attempt to ensure community participation and transparency in decision-making at executive level.</p> <p>The municipal council's functions are listed in Schedule 4 of the Constitution, 1996, but during the 2008/09 financial year also included the rendering of library services, which function resides within the jurisdiction of the Provincial Government, but is rendered by the municipality by means of agreement.</p> <p>To give effect to its objectives, council strives and has a mandate in terms of the Constitution, 1996:</p> <ul style="list-style-type: none"> • to provide democratic and accountable governance for local communities; • to ensure the provision of services to communities in a sustainable manner; • to promote social and economic development; • to promote a safe and healthy environment; and • to encourage the involvement of communities and community organizations in the matters of local government. <p>Apart from the sectoral performance areas listed in its IDP, some of the other key issues facing council during the 2008/09 financial year were:</p> <ul style="list-style-type: none"> • to establish greater transparency and enhance public participation in the decision-making process; • to improve the performance management system for each of the five directorates; • to create and maintain mechanisms for community development, with focus on the youth. 		
Analysis of the Function:			
1	<p>Councillor detail:</p> <p>Total number of Councillors</p> <p>Number of Councillors on Mayoral Committee</p>	20	5
2	<p>Ward detail:</p> <p>Total number of Wards</p> <p>Number of Ward Meetings</p>	10	58
3	<p>Number and type of Council and Committee meetings:</p> <ul style="list-style-type: none"> • Council meetings • Executive Mayoral Committee meetings • Portfolio committees (Administration and Finance, Technical Services, Community Safety and Community Services) 	9	13
		10	

FINANCIAL SERVICES

OVERVIEW

The Finance Department's primary objective is to assist the Municipal Manager and other Senior Managers to control their budgets and ensure the effective application of financial resources in rendering services to the community.

Function of the Finance Directorate within the municipality is administrated as follows:

1. Compilation and publishing of Revenue and Capital budgets on an annual basis for a financial year and ensuing three financial years, including the fixing and listing of the tariffs of fees in respect of the various municipal services designated and rendered to the public and inviting the public to make inputs.
2. Submission of progress reports on budgeted income and expenditure and capital projects against the results of actual transactions and goals reached and making them available for public information and comment.
3. Financial statements are compiled for audit, as prescribed, as well as managerial purposes and together with the audit report, presented for the information and comment of the public.

OPERATING RESULTS

The various expenditure and income categories are stated below in respect of the actual figures for the financial year 2007/2008 and 2008/2009 in correlation with the last mentioned year budget.

	Income 2007/2008 R	% of total Income	Income 2008/2009 R	% of total Income
Property Rates	43,190,952	16.33	48,024,811	17.29
Service Charges	109,692,425	41.49	130,482,552	46.98
Rental of facilities and equipment	1,655,012	0.63	1,963,920	0.71
Interest Earned	14,119,711	5.34	19,739,285	7.11
Fines	4,328,514	1.64	3,653,893	1.32
Income for Agency Services, Licenses and permits	5,020,315	1.90	4,959,677	1.79
Government grant and subsidies	15,288,808	5.78	29,595,415	10.66
Other Subsidies	14,844,952	5.61	14,676,000	5.28
Gains on disposal of property, plant and equipment	44,412,903	16.80	15,893,380	5.72
Other Income	11,860,587	4.48	8,736,014	3.14
Nett income	264,414,179	100.00	277,724,947	100.00

	Expenditure 2007/2008 R	% of total Expenditure	Expenditure 2008/2009 R	% of total Expenditure
Employee Related Costs	64,247,657	33.38	75,075,058	32.32
Remuneration of Councillors	4,441,245	2.31	4,893,100	2.11
Bad Debt Provision	1,540,636	0.80	999,258	0.43
Depreciation	15,554,160	8.08	18,604,766	8.01
Repairs and Maintenance	10,175,504	5.29	13,710,041	5.90
Interest Paid	3,671,458	1.91	5,351,452	2.30
Purchase of Electricity	33,937,063	17.63	46,572,082	20.05
Purchase of Water	11,843,780	6.15	13,212,367	5.69
Grants and Subsidies	1,184,541	0.62	1,210,338	0.52
General Expenditure	45,875,252	23.83	52,656,961	22.67
Nett expenditure	192,471,296	100.00	232,285,423	100.00

DEBTORS BILLING BY FUNCTION

Electricity	Number of bills	Billed R(000s)	Received R(000s)
July	8146	6,076	4,253
August	8156	5,599	5,859
September	8173	5,893	5,280
October	8170	6,946	5,370
November	8168	6,149	7,397
December	8174	6,764	6,472
January	8212	3,624	6,548
February	8188	5,775	5,600
March	8215	5,485	5,411
April	8191	5,872	5,236
May	8218	5,831	6,093
June	8237	6,362	5,830
Total	98248	70,376	69,349

Total income of R56,266,000 were received for 2007/2008, an increase of 23% was realized in 2008/2009. Total numbers of bills increased from 97 051 for the year 2007/2008 to 98 248 for the year 2008/2009.

Water	Number of bills	Billed R(000s)	Received R(000s)
July	17341	1,217	1,209
August	17375	1,342	1,335
September	17361	1,293	1,235
October	17434	1,423	1,348
November	17419	1,932	1,465
December	17423	2,342	1,680
January	17451	2,705	2,416
February	17407	2,541	2,435
March	17496	2,590	2,533
April	17470	2,528	2,491
May	17516	1,938	2,490
June	17566	1,285	1,761
Total	209259	23,136	22,398

Total income of R20,216,000 were received for 2007/2008, an increase of 10.79% was realized in 2008/2009. Total numbers of bills increased from 204 916 for the year 2007/2008 to 209 259 for the year 2008/2009.

Sewerage	Number of bills	Billed R(000s)	Received R(000s)
July	18407	1,308	1,220
August	18407	1,245	1,261
September	18408	1,262	1,448
October	18408	1,270	1,247
November	18409	1,229	1,333
December	18409	1,229	1,214
January	18411	1,225	1,242
February	18413	1,233	1,208
March	18415	1,230	1,169
April	18417	1,219	1,221
May	18418	1,206	1,268
June	18420	1,190	1,175
Total	220942	14,846	15,006

Total income of R10,883,000 were received for 2007/2008, an increase of 37,88% was realized in 2008/2009. Numbers of bills increased from 224 314 for the year 2007/2008 to 220 942 for 2008/2009.

<i>Refuse</i>	<i>Number of bills</i>	<i>Billed R(000s)</i>	<i>Received R(000s)</i>
July	18701	1,162	949
August	19000	1,165	1,105
September	19022	1,167	1,122
October	19037	1,168	1,112
November	19075	1,170	1,161
December	19082	1,170	1,095
January	19106	1,172	1,147
February	19101	1,171	1,097
March	19121	1,173	1,058
April	19134	1,173	1,120
May	19150	1,174	1,171
June	19175	1,176	1,210
Total	228704	14,041	13,347

Total income of R13,347,000 were received for 2007/2008, an increase of 23,02% was realized in 2008/2009. Total numbers of bills increased from 222 431 for the year 2007/2008 to 228 704 for the year 2008/2009.

<i>Property Rates</i>	<i>Number of bills</i>	<i>Billed R(000s)</i>	<i>Received R(000s)</i>
July	21435	3,836	3,469
August		4,124	3,517
September		4,270	4,146
October		3,943	3,812
November		3,395	3,865
December		3,830	3,349
January		3,562	3,663
February		3,695	3,430
March		3,590	3,345
April		3,713	3,451
May		3,526	3,699
June		3,438	3,323
Total	21435	44,922	43,69

Total income of R37,864,000 were received for 2007/2008, an increase of 13.74% was realized in 2008/2009. Total numbers of bills increased from 21 265 for the year 2007/2008 to 21 435 for the year 2008/2009.

Housing	Number of bills	Billed R(000s)	Received R(000s)
July	261	44	45
August	254	42	42
September	250	41	42
October	239	39	38
November	239	38	41
December	225	37	42
January	221	36	35
February	219	36	32
March	221	36	36
April	216	35	34
May	214	35	38
June	213	35	52
Total	2772	454	477

Total income of R584 000 were received for 2007/2008, a decrease of 18,33% was realized in 2008/2009. Total numbers of bills decreased from 3 748 for the year 2007/2008 to 2 772 for the year 2008/2009.

CAPITAL EXPENDITURE

In summary the capital expenditure was as follows:

	Budget	Actual	% Expenditure achieved
Capital Replacement Reserve	32,681,198	27,536,292	84,26%
Grants	30,624,004	24,433,182	79,78%
Total Financing	63,305,202	51,969,474	82,09%

There was an increase in total capital spending from 87.35% in 2007/2008 to 82,09% in 2008/2009.

INDICATORS AND RATIOS

These norms may differ across municipalities given the dynamics and environment within which each operates. This is further influenced by how municipalities report and prepare their budgets, i.e. IMFO (Institute for Municipal Finance Officers), GAMAP (Generally Accepted Accounting Practices) and GRAP (Generally Recognised Accounting Practices).

Indicators and ratios

These norms may differ across municipalities given the dynamics and environment within which each operates. This is further influence how municipalities report and prepare their budgets i.e. IMFO, GAMAP and GRAP.

The following ratios are use as a guide to analyze year on year performance over the previous MTEF:

$$(i) \text{ Acid Test Ratio} = \frac{\text{Current assets less inventory}}{\text{Current liabilities}}$$

YEAR 2009			YEAR 2008		
Current Assets Less Inventory	Current Liabilities	Ratio	Current Assets Less Inventory	Current Liabilities	Ratio
R	R		R	R	
228,534,266	56,549,322	4.04:1	160,162,864	50,887,271	3.15:1

Purpose: To provide an indication of the ability of the municipality to meet its short term obligation (current liabilities) with short-term liquid assets (current assets less liabilities).

Analysis: The norm for this ratio is 1.5:1, i.e. the Current Assets less Inventory must exceed the Current Liabilities by 150 per cent.

$$(ii) \text{ Total Liabilities as a percentage of Total Assets} = \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

YEAR 2009			YEAR 2008		
Total Liabilities	Total Assets	Percentage (%)	Total Liabilities	Total Assets	Percentage (%)
R	R		R	R	
148,148,360	583,726,863	25.38%	96,558,378	485,635,303	19.88%

Purpose: Gives an indication of the level to which the assets of the municipality have already been utilized in the past to take up or incur debt.

Analysis: The norm for this ratio is for Total Liabilities not to exceed 57 per cent of Total Assets. Low ratio also represents a sound solvency position.

$$(iii) \text{ Debtors Collection Period} = \frac{\text{Consumer Debtors (before deducting Provision for Bad Debts)} * 365}{\text{Service Revenue}}$$

YEAR 2009			YEAR 2008		
Outstanding Debtors	Total Revenue	Payment Period	Outstanding Debtors	Total Revenue	Payment Period
R	R	Days	R	R	Days
27,942,423	178,507,363	57.13	22,739,791	152,883,377	54.29

Purpose: To calculate the debtors collection period of the municipality by comparing the year-end balance of certain debtors with the revenue earned from those debtors during the financial year.

Analysis: The norm for this ratio is 42 days. The ratio has increased by 3 days.

(iv) *Repairs and Maintenance as a percentage of Total Operating Expenditure* = $\frac{\text{Repairs and Maintenance}}{\text{Total Operating Expenditure}}$

YEAR 2009			YEAR 2008		
Repairs and Maintenance	Total Operating Expenditure	Percentage (%)	Repairs and Maintenance	Total Operating Expenditure	Percentage (%)
R	R		R	R	
13,710,041	232,285,423	5.90%	10,175,504	192,471,296	5.29%

Purpose: To determine whether municipalities are spending adequate amounts on repairs and maintenance of Property, Plant and Equipment in order to maintain the useful of the asset.

Analysis: The norm for this ratio is that Repairs and Maintenance should be at least 10 per cent of total operating expenditure. It is observed that Repairs and Maintenance costs have decrease by 0.61%. although the ratio has improved it is still outside the norm.

(v) *Personnel Cost to Total Expenditure* = $\frac{\text{Salaries, wages and allowances}}{\text{Total Expenditure}}$

Year	Personnel Costs	Total Operating Expenditure	Percentage (%)
2006/2007	55,907,024	172,654,814	32.38%
2007/2008	64,247,657	192,471,296	33.38%
2008/2009	75,075,058	232,285,423	32.32%

Purpose: To indicate what percentage of total expenditure is attributable to personnel costs.

Analysis: The norm for this ratio is 35-38 per cent of total expenditure. Decrease in personnel costs of 1.06% is noted from 2007/2008 to 2008/2009.

NATIONAL INDICATORS
SWARTLAND MUNICIPALITY - FINANCIAL VIABILITY RATIOS

1) Debt Coverage

$$A = \frac{B - C}{D}$$

B = Represents Total Operating Revenue Received

C = Represents Operating Grants

D = Represents debt service payments (i.e. interest + redemption) due within the financial year

$$\begin{aligned} 2009 \quad A &= \frac{233,394,649}{5,351,452} \\ &= 43.61 \text{ (2008 = 63.81)} \end{aligned}$$

2) Outstanding Service Debtors to Revenue

$$A = \frac{B}{C}$$

B = Represents Total Outstanding service debtors

C = Represents annual revenue actually received for services

$$\begin{aligned} 2009 \quad A &= \frac{27,942,423}{178,507,363} \\ &= 0.16 \text{ (2008 = 0.15)} \end{aligned}$$

3) Cost Coverage

$$A = \frac{B + C}{D}$$

B = Represents All available cash at a particular time

C = Represents investments

D = Represents Monthly fixed operating expenditure

$$\begin{aligned} 2009 \quad A &= \frac{197,766,041}{19,357,119} \\ &= 10.22 \text{ (2008 = 8.38)} \end{aligned}$$

DEBTOR ANALYSIS: AMOUNT OUTSTANDING OVER 30, 60, 90 AND 120 PLUS DAYS

<i>Electricity</i>	<i>2008</i>	<i>2009</i>	<i>Water</i>	<i>2008</i>	<i>2009</i>
<i>Current</i>	5759	8497	<i>Current</i>	1579	4097
<i>30 Days</i>	32	72	<i>30 Days</i>	121	138
<i>60 Days</i>	7	15	<i>60 Days</i>	85	92
<i>90 Days</i>	7	12	<i>90 Days</i>	64	83
<i>120 Days +</i>	201	233	<i>120 Days +</i>	577	719
<i>Total</i>	6006	8829	<i>Total</i>	2426	5129

<i>Sewerage</i>	<i>2008</i>	<i>2009</i>	<i>Refuse</i>	<i>2008</i>	<i>2009</i>
<i>Current</i>	1118	2373	<i>Current</i>	1081	3138
<i>30 Days</i>	79	82	<i>30 Days</i>	111	90
<i>60 Days</i>	45	75	<i>60 Days</i>	55	74
<i>90 Days</i>	45	63	<i>90 Days</i>	46	64
<i>120 Days +</i>	1036	1141	<i>120 Days +</i>	709	913
<i>Total</i>	2323	3734	<i>Total</i>	2002	4279

<i>Property Rates</i>	<i>2008</i>	<i>2009</i>	<i>Housing</i>	<i>2008</i>	<i>2009</i>
<i>Current</i>	3605	5685	<i>Current</i>	63	10
<i>30 Days</i>	192	209	<i>30 Days</i>	4	3
<i>60 Days</i>	139	138	<i>60 Days</i>	3	2
<i>90 Days</i>	104	101	<i>90 Days</i>	3	2
<i>120 Days +</i>	2573	2432	<i>120 Days +</i>	129	123
<i>Total</i>	6613	8565	<i>Total</i>	202	140

TOTAL DEBTS WRITTEN OFF EACH MONTH ACROSS DEBTORS BY FUNCTION:

June	2009 R(000s)	2008 R(000s)
Electricity	23	22
Water	230	254
Sewerage	272	294
Refuse	184	202
Property Rates	239	128
Housing	42	22
Other	115	67
Total	1,105	988

Property Rates (Totals)	2008 Number	2009 Number	2008 R(000s)	2009 R(000s)
Number and value of properties rated	21265	20497	4,444	13,275
Number and value of properties not rated	150	938	72	514
Number and value of rate exemptions	0	0	-	-
Rates collectible for the current year(Increase of 14.51%)	21415	21435	42,734	48,938

Property Valuation	
Year of last valuation	2007
Regularity of valuation	4 years

Indigent Policy	
Quantity (number of households affected)	5200
Quantum(total value across municipality)	9226

Five largest creditors	2009	
Eskom	51,758,431	Current
Asla Devco	25,330,791	Current
West Coast District Municipality	15,260,944	Current
Ninham Shand	5,864,331	Current
First Auto	5,149,214	Current
Total	103,363,711	

External Loans	Redeemable	Balance at 30/06/2008	Received during the period	Interest capitalized during the period	Redeemed written off during the period	Balance at 30/06/2009
		R (000s)	R (000s)		R (000s)	R (000s)
Development Bank	31/03/2018	3,521	0	99	197	3,423
Development Bank	31/12/2018	5,609	0		238	5,371
Development Bank	30/06/2020	630	0		52	578
INCA	31/12/2013	15,917	0		2,212	13,705
Development Bank			43,113	992		44,105
Development Bank			2,262	51		2,313
Total External Loans		25,677	45,375	1142	2,699	69,495

Function: Sub Function: Reporting Level	Finance and Administration Human Resources Detail	Total	
Overview:	Includes all activities relating to the human resource management function of the municipality including recruitment, selection and induction - also performance management systems, code of conduct detail and decision making systems. Note: Read in conjunction with Chapter 3 on Human Resource Management.		
Description of the Activity:	<p>The function of human resource management within the municipality is administered as follows and includes:</p> <p>Recruitment & Selection, Labour Relations, Training/Skills Development, Organisational Structure, Human Resources Administration, Employment Equity, Administration of all fringe benefits, i.e. medical aid funds, pension funds, housing allowance, etc</p> <p>The strategic objectives of this function is to:</p> <p>Create a flexible organization that enables optimal performance by developing and retaining a properly skilled representative workforce</p> <p>The key issue for 2008/09 was:</p> <ul style="list-style-type: none"> Skills Development 		
Analysis of the Function:	<p>Number and cost to employer of all municipal staff employed:</p> <ul style="list-style-type: none"> Professional (Managerial/Specialist) Field (Supervisory/Foremen) Office (Clerical/Administrative) Non-professional (blue collar, outside workforce) Temporary Staff Contract Staff <p>Note: total number to be calculated on full-time equivalent (FTE) basis, providing detail of race and gender according to the breakdown described above. Total cost to include total salary package.</p>	<p>528</p> <p>55</p> <p>31</p> <p>164</p> <p>278</p>	<p>R79,733,297</p>

Function: Sub Function: Reporting Level	Finance and Administration Other Administration (Procurement) Detail	Total	
Overview:	Includes all activities relating to overall procurement functions of the municipality including costs associated with orders, tenders, contract management, etc.		
Description of the Activity:	<p>The function of procurement within the municipality is administered as follows and includes:</p> <ul style="list-style-type: none"> The function of procurement is administered and performed by a dedicated Supply Chain Unit under the direct control of the Chief Financial Officer. The Supply Chain Management Section of which procurement forms a function is a systems approach to managing the entire flow of information (request starting at the end user by means of a requisition), materials and services from raw materials suppliers through intermediaries and warehouses and services back to the end customer – the Municipality and ultimately the Swartland community. <p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> manage demand, acquisition, logistics, disposal and risk management within the municipality. ensure compliance with applicable legislation and for the Municipality to meet its short to medium term objectives in terms of the budget and IDP Plan. <p>The key issue for 2008/09 was:</p> <ul style="list-style-type: none"> to maintain and improve on the standards set in the previous financial year so as to train end users to ensure effective planning of their needs through a thorough needs analysis, but also to improve relationship-building between Swartland Municipality and its suppliers so as to inform them about and training them in the Supply Chain policy and procedures as well as any other applicable legislation. 		
Analysis of the Function:			
1	<p>Details of tender / procurement activities:</p> <ul style="list-style-type: none"> Total number of times that tender committee met during year Total number of tenders considered, excluding annual tenders Total number of tenders approved, excluding annual tenders Average time taken from tender advertisement to award of tender <p>Note: Figures should be aggregated over year across all municipal functions</p>	17 31 31 1 month	
2	<p>Details of tender adjudication committee:</p> <ul style="list-style-type: none"> Details of tender adjudication committee membership <p>The tender adjudication committee consisted of:</p> <ol style="list-style-type: none"> the Director: Corporate Services (Mr. H F Prins) the Chief Financial Officer (Director: Financial Services, Mr. K C Cooper) the Head: Supply Chain Unit (Mr. P J Swart); and any other two senior managers 		

Function: Sub Function: Reporting Level	Planning and Development Economic Development Detail	Total	
Overview:	Includes all activities associated with economic development initiatives		
Description of the Activity:	<p>The function of economic planning / development within the municipality is administered as follows and includes:</p> <p>At present no economic development unit exists in the municipality. Town planning and building control are managed from the Directorate: Development Services.</p> <p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> • This function has not been clearly defined at present • Strategically, all departments attempt to promote the local economy through either operational activities, or capital investment. <p>The key issues for 2008/09 were:</p> <ul style="list-style-type: none"> • ensuring an economically orientated IDP • ensuring that all directorates have economic orientation in annual plan • ensuring that sufficient bulk services exists in all Swartland towns to attract sustainable growth 		
Analysis of the Function:			
1	<p>Number and cost to employer of all economic development personnel:</p> <ul style="list-style-type: none"> • Professional (Directors / Managers) • Non-professional (Clerical / Administrative) • Temporary • Contract <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p>	None None None None	R (000s) N/a N/a N/a N/a
2	<p>Detail and cost of incentives for business investment:</p> <p>Not Applicable</p> <p>Note: list incentives by project, with total actual cost to municipality for year</p>		R (000s) <cost>
3	<p>Detail and cost of other urban renewal strategies:</p> <p>Urban Edges</p> <p>Note: list strategies by project, with total actual cost to municipality for year</p>		R (000s) R350
4	<p>Detail and cost of other rural development strategies:</p> <p>None</p> <p>Note: list strategies by project, with total actual cost to municipality for year</p>		R (000s) <cost>
5	<p>Number of people employed through job creation schemes:</p> <ul style="list-style-type: none"> • Short-term employment <p>Number of people employed through job creation schemes:</p> <ul style="list-style-type: none"> • Short-term employment • Long-term employment <p>Note: total number to be calculated on full-time equivalent (FTE) basis, and should only be based on direct employment as a result of municipal initiatives</p>	313 313	

Function: Sub Function: Reporting Level	Planning and Development Economic Development Detail	Total	
6	Number and cost to employer of all Building Inspectors employed: <ul style="list-style-type: none"> Number of Building Inspectors Vacant Contract <i>Note: total number to be calculated on a full-time equivalent (FTE) basis, total cost to include total salary package</i>	4 1 0	R (000s) R1,272
7	Details of building plans: <ul style="list-style-type: none"> Number of building plans submitted Value of building plans submitted <i>Note: Figures should be aggregated over year to include building plan approvals only</i>	1,096	244,113,995
8	Type and number of grants and subsidies received: Not applicable	0	R (000s) 0

Function: Sub Function: Reporting Level	Community and Social Services All Inclusive Detail	Total	
Overview:	<p>The Community Development Division had nine staff members (5 permanent, 4 on contract) in 2008/09.</p> <ul style="list-style-type: none"> The Youth Advisory Centre (YAC) and Ilinge Lethu Thusong Centre again made a significant impact on development services. The Early Childhood Development (ECD) forum was established. Although the target for meetings were not reached, four accredited training sessions were organised for ECD teachers. The sports officer experienced difficulties to engage with the sports forums, due to general dissatisfaction with the state of facilities, which are managed and maintained by Civil Services. These issues were addressed by means of three meetings between Development Services and the Civil Services Department. The goal of these engagements was to clarify roles. A plan of action was set up to improve co-ordination of the sports function. Agricultural training was done by the Goedgedacht Agriculture Resource Centre. Progress with agricultural development was hampered by the unavailability of land. A process of acquiring land through the Department of Land Affairs was initiated. The maintenance of youth forums was time-consuming with little returns. This was replaced by providing youth development programmes in each of the Swartland towns. A Skills Development forum to coordinate skills development initiatives was established and obtained formal recognition by Council. A Child Facilities Policy was completed and presented to the councillors. The division gave support, either in kind or financially, to the Night Shelter, Huis van Heerde, Elkana Childcare, T Swartland Development forum and Ons Kan. 		

Function: Sub Function: Reporting Level		Community and Social Services All Inclusive Detail		Total
Description of the Activity:		The function of provision of various community and social services within the municipality is administered as follows and includes: Support and development of Thusong Service Community Centres; deliver services to Thusong Service Community Centres; support to NGO's (Darling Focus, MOI, Swartland Haven Night Shelter, Elkana Child Care, Huis van Heerde, the Swartland Development Foundation, Youth Forums, Sondeza Afri-Youth Leadership Initiative, Food kitchens in all towns, Sport forums in all towns, Youth Advisory Centre (Umsobomvu); support to upcoming farmers (training and applying for land) These services extend to include creating a climate for development and supporting development structures/organizations, but do not take account of delivery of social services which resides within the jurisdiction of provincial government.		
		The municipality has a mandate to: Develop community structures; support and encourage and provide capacity building of these structures; make financial contributions towards improving infrastructure; development and support NGO's; develop Child Facilities; develop Thusong Services Community Centres; support and encourage economic developments; support community organizations to address social problems.		
		The key issues for 2008/09 were: Continuation of contract posts; role clarification in terms of sport; re-designing youth programmes to add value to youth development with limited resources		
Analysis of the Function:		Statistical information as a minimum:		
1		Nature and extent of facilities provided:		
		• Library services		no of facilities: 7 no of users: 15,178
		• Museums and art galleries		Not Applicable
		• Other community halls/facilities		9 84,000
		• MPCC (Thusong Centres)		1 3,000
		• Cemeteries and crematoriums		Not Applicable
		• Child care (including crèches etc)		Not Applicable
		• Aged care (including aged homes, home help)		Not Applicable
		• Schools		Not Applicable
		• Sporting facilities (specify)		71 53,450
		• Rugby		18 12,600
		• Cricket		4 2,000
		• Soccer		2 1,500
		• Netball		19 3,600
		• Tennis		17 650
		• Athletics		2 8,500
		• Swimming		2 7,500
		• Squash		2 200
		• Golf		3 4,000
		• Badminton		2 300

Function: Sub Function: Reporting Level	Community and Social Services All Inclusive Detail	Total	
Description of the Activity:	Parks	32	unknown
	Note: the facilities figure should agree with the assets register		
2	Number and cost to employer of all personnel associated with each community services function:		R
	• Library services	19	2,089,764
	• Museums and art galleries	Not Applicable	
	• Other community halls/facilities	17	1,227,460
	• MPCC (Thusong Centres)	3	145,000
	• Cemeteries and crematoriums	2	45,000
	• Child care (Huis van Heerde; Elkana Childcare)	2	65,000
	• Aged care	n/a	n/a
	• Schools	n/a	n/a
	• Sporting facilities	12	2,602,436
	• Parks	16	1,900,000
3	Total operating cost of community and social services function		R 6,226,887

Function: Sub Function: Reporting Level	Housing N/A Detail	Total	
Overview:	Includes all activities associated with provision of housing		
Description of the Activity:	The function of provision of housing within the municipality is administered as follows and includes:		
	1. To manage and promote the provision of affordable and acceptable housing and related infrastructure within the Swartland Municipal area.		
	2. Formulating of a local housing policy.		
	3. Promotion of affordable housing.		
	4. Capacity building at local level in respect of housing related matters. Monitoring and management of unlawful occupation of land belonging to Council.		
	5. Monitoring the progress of housing projects.		
	6. Management and monitoring of informal settlement.		
	7. Management of rental housing.		
	The strategic objectives of this function are:		
	Provision of affordable housing		
	The key issues for 2008/09 were:		
	1. Implementation of new housing projects		
	2. Housing Consumer Education		

Function: Sub Function: Reporting Level	Housing N/A Detail	Total	
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
1	Number and cost of all personnel associated with provision of municipal housing:		R
	• Professional (Architects/Consultants)	0	0
	• Field (Supervisors/Foremen)	0	0
	• Office (Clerical/Administration)	2	R502, 600
	• Non-professional (blue collar, outside workforce)	0	0
	• Temporary	0	0
	• Contract	0	0
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package. Professional includes project design, Field includes all tradespersons.		
2	Number and total value of housing projects planned and current:		R
	• Current (financial year after year reported on)	540 x 77,868	R42,048,720
	• Planned (future years)(Chatsworth 381, Riebeeck West 300, Abbotsdale 300)	981x 77,868	R76,388,508
	Note: provide total project and project value as per initial or revised budget		
3	Total type, number and value of housing provided:		R (000s)
	No Housing provided	0	0
	Note: total number and total value of housing provided during financial year		
4	Total number and value of rent received from municipal owned rental units		R (000s)
	<list details, including number of units handed over to residents>	0	0
5	Estimated backlog in number of (and costs to build) housing:		R (000s)
	Formal Structure	9600 x 77,868	R747,532,800
	Note: total number should appear in IDP, and cost in future budgeted capital housing programmes		
6	Type of habitat breakdown:		
	• number of people living in a house or brick structure	18 976	
	• number of people living in a traditional dwelling	474	
	• number of people living in a flat in a block of flats	624	
	• number of people living in a town/cluster/semi-detached group dwelling	n/a	
	• number of people living in an informal dwelling or shack	631	
	• number of people living in a room/flatlet		
7	Type and number of grants and subsidies received:		
	Not applicable		
	Note: total value of specific housing grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
8	Total operating cost of housing function		R

Function: Sub Function: Reporting Level	Public Safety Police (Traffic) Detail	Total
Overview:	Includes Municipal Police Service and traffic (and parking) control	
Description of the Activity:	The policing and traffic control functions of the municipality are administered as follows and include:	
	1. Traffic Policing	
	<p>The provision of traffic services in terms of the Constitution of SA is a local government function.</p> <p>The Municipal Police officer performs all three functions, i.e:</p> <ul style="list-style-type: none"> • Traffic law enforcement • Enforcement of by-laws • Crime prevention activities <p>The following services were provided within the Swartland municipal area:</p> <ul style="list-style-type: none"> • Traffic Law enforcement • Provision of high visibility and routine patrols • Education (Road Safety) • Collision attendance and reporting • Escort duties - ceremonial escorts • VIP escorts • Credit Control • Access Control • CCTV • Functional escorts • Summons serving and warrant execution • Roadblocks • Community projects / assistance • Vehicle registrations and Licensing • Roadworthy testing • Learner- and driver's licenses <p>See also the Traffic Policing Plan</p>	
	2. Policing of Municipal by-laws	
	<p>The Swartland Municipality promulgated thirty (30) by-laws in the Provincial Gazette 5897 dated 19 April 2002. The enforcement of these by-laws is making a major contribution to the minimizing of petty crime in the area. The application of these by-laws is being done in conjunction with educational programmes to influence the community to obey and respect the law. The focus is on those by-laws that create a nuisance for the community and enhance activities like theft, alcohol and drug abuses. The priorities are:</p> <ul style="list-style-type: none"> • Littering • Illegal hawkers • Illegal squatting • Illegal dumping of refuse • Alcohol related crimes • Overnight parking was expanded to the Riebeecks and Darling and this was promulgated in the Government Gazette • Control of people who disrupt tourism 	

Function: Sub Function: Reporting Level	Public Safety Police (Traffic) Detail	Total	
	3. Crime Prevention		
	<i>The execution of high visibility operations is the basis of crime prevention. Close co-operation with the South African Police Services (SAPS) regarding planning and crime information is imperative for any successes. Crime prevention operations are focused in the areas where the highest crime occurs and the operations are executed in co-operation with SAPS.</i>		
	The priorities are: <ul style="list-style-type: none"> • Alcohol related crimes • Drugs in the informal sector businesses and the Yzerfontein harbour • Burglary from residential houses and businesses • Theft of cattle and copper cable 		
	The strategic objectives of the Swartland Municipal Police Service are: <ul style="list-style-type: none"> • Crime Prevention through a well organized Municipal Police Service • Promotion of economic development and tourism Prevention of HIV/AIDS • To bring about saving of costs for the removal of illegal structures and other undesirable structures that incurs expenditure for the municipality and result in legal costs being incurred • To improve the long-term security risks for business and the public in such a manner that a reduction in insurance expenditure will result • To extend the service over a period of three years to a strength of 60 members • To enter into partnership with business in order to finance the Municipal Police Service 		
	The key issues for 2008/09 were: <ul style="list-style-type: none"> • Maintaining law and order through visible policing and the enforcement of municipal by-laws especially in the business area, townships and public beaches • Combating alcohol abuse that will have a great influence on crimes, which have violence as an element. • The service must be of such a nature that the respect and co-operation of the community is obtained • Implementation of a Narcotic dog detection unit • Domestic violence • To move from a reactive approach to law enforcement to one of proactive prevention • Dedicated Social Crime Prevention initiatives • Increase crime prevention and community policing initiatives through increased foot patrols • Increase visible policing through planned bicycle patrols • Effective control of land invasions in Chatsworth, Moorreesburg, Saamstaan and Ilinge Lethu (Malmesbury) • Maintain a 24 hour shift system at the Malmesbury Division 		

Function: Sub Function: Reporting Level	Public Safety Police (Traffic) Detail	Total	
Analysis of the Function:	Statistical information as a minimum:		
1	Number and cost to employer of all personnel associated with policing and traffic control:		
	• Professional (Senior Management)	4	
	• Field (Detectives/Supervisors)	8	
	• Office (Clerical/Administration)	16	
	• Non-professional (visible police officers on the street)	35	
	• Volunteer	0	
	• Temporary	0	
	• Contract	7	
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package. Office includes desk bound police and traffic officers, non-professional includes aides		
2	Total number of call-outs attended:		
	• Emergency call-outs	170	
	• Standard call-outs	3000	
	Note: provide total number registered, based on call classification at municipality		
3	Average response time to call-outs:		
	• Emergency call-outs(Malmesbury to Yzerfontein/Darling)	12-20 min	
	• Standard call-outs (Malmesbury to Yzerfontein/Darling)	15-30 min	
	Note: provide average by dividing total response time by number of call-outs	11-25 min	
4	Total number of targeted violations eg: traffic offences:		
	1. Unlicensed Driver	1551	
	2. Learner Driver without supervision	112	
	3. Permit Unlicensed Driver	2	
	4. Other offences regarding driving licenses	717	
	5. PrDP offences	131	
	6. Roadworthy Certificate offences	5	
	7. Other offences regarding RTQS	8	
	8. Unlicensed / Unregistered Motor Vehicles	1631	
	9. Number plate offences	159	
	10. Other offences regarding Registration / Licensing	158	
	11. Drive under the influence	34	
	12. Reckless, negligent or inconsiderate driving	9	
	13. Speeding offences	30042	
	14. Traffic Signal disobedience	48	

Function: Sub Function: Reporting Level	Public Safety Police (Traffic) Detail	Total	
	15. Disobey stop sign	115	
	17. Disobey other road signs	194	
	18. Offences regarding the duties of drivers	1	
	19. Cell phone	51	
	20. Other offences regarding the rules of the road	17	
	21. Stopping where prohibited	123	
	22. Parking where prohibited	222	
	23. Stopping causing danger or obstruction	54	
	24. Overload	36	
	25. Exceeding projection limits	1	
	26. Insecure loads – Spillage	2	
	27. Other offences regarding loads	2	
	28. Defective service, emergency or parking brake	92	
	29. Defective tyres	114	
	30. Defective lamps	251	
	31. Other defects	50	
	33. Public motor vehicle offenses	269	
	34. By-laws	396	
	35. Seat belts or crash helmet	22	
	36. Arrests - Warrants	71	
	37. Arrests – Schedule 1	30	
	37. Arrests – Narcotics	71	
	38. Dealing in alcohol	13	
	39. Alcohol related	1,083	
	40. Arrests – Other	63	
	41. Other offenses not mentioned elsewhere	129	
	42. Discontinue Notices	78	
	43. Caution Notices	1640	
	TOTAL	11,443	
5	Total number and type of emergencies leading to a loss of life or disaster:	18	
	Motor vehicle accidents	1,304	
6	Type and number of grants and subsidies received:		
	Not applicable	0	0
	Note: total value of specific public safety grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
7	Total operating cost of police and traffic function		R 10,052,614

Function: Sub Function: Reporting Level	Waste Management Solid Waste Detail	Total
Overview:	Includes refuse removal, solid waste disposal and landfill, street cleaning and recycling	
Description of the Activity:	<p>The refuse collection functions of the municipality are administered as follows and include:</p> <p>The following services rendered in terms of waste: disposal, landfill, refuse transfer stations, street cleansing and public toilets.</p> <ol style="list-style-type: none"> 1. It is the policy of Council to render the service to the community in an acceptable way and according to schedules agreed to with the customer/community 2. An organogram makes it possible that staff is available in an organized manner and at a constant frequency without interruptions. 3. The staff of the refuse department are vaccinated yearly to ensure good health and training is given where necessary to ensure that they are informed of new information and technology 4. As a result of the IDP, Council approved a budget to render this service in a sustainable way that secures good health and aesthetical standards required by the community 5. In the process of providing an acceptable refuse removal service it is essential that new trends and procedures in the refuse collection, recycling as well as the field of disposal are constantly monitored and the new trends are explored or set where possible and planning for future capacity is done 6. To administrate this public service in an economic viable and sustainable way the management and control functions are briefly as follows: <ol style="list-style-type: none"> a. Immediate operational intervention in execution of services if necessary and daily coordination to ensure the delivered service as promised b. Short- and long-term policies c. The managing of the solid waste stream to meet the set optimized municipal solid waste management strategy as approved by Council and supported by the IDP d. Training of staff forms an essential part of the Council's policy regarding the efficient delivery of services to the communities e. To negotiate the extent and tariffs of services rendered to the businesses and community with them. f. To initiate and promote recycling of refuse in the community g. Control and management of the personnel in the cleansing department h. Evaluation, certification of payments and control over private contractors that deliver tendered services to the cleansing department <p>These services extend to include the following towns:</p> <p>Malmesbury, Moorreesburg, Darling, Yzerfontein, Riebeeck Kasteel, Riebeeck West, Abbotsdale, Kalbaskraal, Riverlands, Chatsworth, Koringberg and PPC Housing Area at Riebeeck West but do not take account of:</p> <ul style="list-style-type: none"> • the collection of refuse in the rural areas in between above-mentioned towns • cleansing and collection of scattered refuse in rural areas between towns • sweeping of roads in rural areas in between towns • collection of scattered refuse on the total length of coast line within the municipal area • sufficient small refuse transfer stations for the rural areas between towns and the service thereof, which resides within the jurisdiction of: <ul style="list-style-type: none"> • refuse collection by the Swartland Municipality in the rural areas between towns • street cleansing by the West Coast District Municipality and the Provincial Roads Department in the rural areas in between towns 	

Function: Sub Function: Reporting Level	Waste Management Solid Waste Detail	Total	
	<p>The municipality has a mandate to:</p> <ul style="list-style-type: none"> • Provide a refuse collection service for households and businesses in its area. • Provide a street sweeping service on a scheduled basis for CBD and residential areas • Provide public toilet facilities where needed in its area. • Ensure safe and legal dumping of refuse in its area. • A clean and safe environment in its area. 		
	<p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> • Render the service in an economic viable and sustainable way that it adhere to health, safety and aesthetical standards that are acceptable to the community. 		
	<p>The key issues for 2008/09 were:</p> <ul style="list-style-type: none"> • The extension of the working time of the one-man contracts to keep all open spaces around towns clean • To acquire the R1 million Cleanest Town competition prize money from DEAT for the composting plant planned at Moorreesburg • Replacement of a tractor with a 3 ton truck at Moorreesburg • Replacement of another old refuse compactor • Getting money to implement IWMP • Coming second in the Cleanest Town Competition for the Western Cape out of 24 Municipalities for 2008/09 • Installing a CFL crusher at the Highlands landfill site 		
Analysis of the Function:	Statistical information as a minimum:		
1	<p>Number and cost to employer of all personnel associated with refuse removal:</p> <ul style="list-style-type: none"> • Professional (Engineers/Consultants) • Field (Supervisors/Foremen) • Office (Clerical/Administration) • Non-professional (blue collar, outside workforce) • Temporary • Contract • Private contracts 	3 2 0 64 5 10 105	R (000s) 340 430 473 3,500 32 127 303
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
2	<p>Number of households receiving regular refuse removal services, and frequency and cost of service:</p> <ul style="list-style-type: none"> • Removed by municipality at least once a week • Removed by municipality less often • Communal refuse dump used /transferstatoins • Own refuse dump • No rubbish disposal 	18,700 0 6 3 0	R (000s) 12,406 0 68 89
	Note: if other intervals of services are available, please provide details		

Function: Sub Function: Reporting Level	Waste Management Solid Waste Detail	Total	
3	Total and projected tonnage of all refuse disposed: <ul style="list-style-type: none"> Domestic/Commercial Garden 	24,529 2,698	
	Note: provide total tonnage for current and future years activity		
4	Total number, capacity and life expectancy of refuse disposal sites: <ul style="list-style-type: none"> Domestic/Commercial (number) Garden (number) 	1 5	30 years 9 years
	Note: provide the number of tip sites, their total current capacity and the expected lifespan as at end of reporting period		
5	Anticipated expansion of refuse removal service: <ul style="list-style-type: none"> Domestic/Commercial Garden 	540 0	R (000s) 35 0
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
6	Free Basic Service Provision: <ul style="list-style-type: none"> Quantity (number of households affected) Quantum (value to each household) 	4,040 61	
	Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.		
7	Total operating cost of solid waste management function		R12,520

Function: Sub Function: Reporting Level	Waste Management Sewerage Detail	Total	
Overview:	Includes provision of sewerage services not including infrastructure and water purification, also includes toilet facilities		
Description of the Activity:	<p>The sewerage functions of the municipality are administered as follows and include:</p> <p>The following services are offered in terms of waste water :</p> <ul style="list-style-type: none"> • The collecting of raw sewerage at households and industries by means of waterborne sewerage system or by vacuum tanker. • The sewerage is disposed of at formal treatment facilities or oxidation pond facilities. • The waste water is treated to produce an effluent that complies with the New General Standard. <ol style="list-style-type: none"> 1) It is the policy of Council that where the above-mentioned services are available, it must be used by the community 2) The organogram makes it possible that trained staff are available in an organized manner to perform the following function on a 24 hour basis and without interruptions : <ol style="list-style-type: none"> a. Opening of sewerage blockages b. Pumping and cleaning of conservancy tanks c. Availability of household and industrial sewerage connections where the service is needed d. The waste water is transported by the reticulation network or by tanker to the nearest treatment facility where it is treated to the level so that the effluent complies with the legislation e. With the approval of building plans the different types of sewerage services available are brought under the attention of the community f. The staff of the waste water department is trained on a regular basis to ensure that they are informed of new information and technologies. g. Where necessary certain parts of the community are trained and educated in the usage of a sewerage system. 3) As a result of the IDP, Council approved a budget to render this service in a sustainable way. 		
	<ol style="list-style-type: none"> 1) In the process of collecting, treating and disposing effluent it is essential that new procedures are constantly investigated. 2) Staff in this department constantly seeks new technology, procedures and innovations to ensure that the service is rendered in a sustainable and economic viable way. 3) To administer this trading service in a economic viable and sustainable way the management and control functions are briefly as follows : <ol style="list-style-type: none"> a. Short- and long-term policies. b. The managing of waste water fits in with the macro-organizational structure of the municipality in such a way that the Integrated Development Planning process will be supported. c. Training staff forms an essential part of the Council's policy regarding the proper delivery of services to the communities. d. To allocate funds through the IDP for the maintenance, upgrading and extension of the service. e. Control from management in such a way that the innovation of the individual is not constricted. 		

Function: Sub Function: Reporting Level	Waste Management Sewerage Detail	Total	
	<p>The municipality has a mandate to:</p> <ul style="list-style-type: none"> Deliver with full authority the waste water service in the municipal area. 		
	<p>The strategic objectives of this function are:</p> <ul style="list-style-type: none"> To render the service in an economic viable and sustainable way. The re-use of treated effluent for irrigation. Effective utilization of resources. <p>The key issues for 2008/09 were:</p> <ul style="list-style-type: none"> to ensure that all wet industries are billed in accordance with the quality of their effluent to report on the requirements for future upgrades for the Riebeek West, Riebeek Kasteel and Koringberg oxidation ponds to complete the detail design for the Malmesbury Waste Water Treatment Works upgrade 		
Analysis of the Function:	Statistical information as a minimum:		
1	<p>Number and cost to employer of all personnel associated with sewerage functions:</p> <ul style="list-style-type: none"> Professional (Engineers/Consultants) Field (Supervisors/Foremen) Office (Clerical/Administration) Non-professional (blue collar, outside workforce) Temporary Contract 		
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
2	<p>Number of households with sewerage services, and type and cost of service:</p> <ul style="list-style-type: none"> Flush toilet (connected to sewerage system) Flush toilet (with septic tank) Chemical toilet Pit latrine with ventilation Pit latrine without ventilation Bucket latrine No toilet provision 		
	Note: if other types of services are available, please provide details		
3	<p>Anticipated expansion of sewerage:</p> <ul style="list-style-type: none"> Flush/chemical toilet Pit latrine Bucket latrine No toilet provision 		
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
4	<p>Free Basic Service Provision:</p> <ul style="list-style-type: none"> Quantity (number of households affected) Quantum (value to each household) 	2,483 <value>	
5	Total operating cost of sewerage function		R14,233,945

Function: Sub Function: Reporting Level	Road Transport Roads Detail	Total	
Overview:	Construction and maintenance of roads within the municipality's jurisdiction		
Description of the Activity:	The road maintenance and construction responsibilities of the municipality are administered as follows and include:		
	<p>The following services are offered in terms of roads :</p> <ul style="list-style-type: none"> • Maintenance to existing paved, unpaved roads and storm water systems. • The construction of new paved roads, unpaved roads and storm water systems. • Maintenance, extension and upgrading of sidewalks, streets <ol style="list-style-type: none"> 1. It is the policy of Council to render the service to the community in an acceptable way. 2. The organogram makes it possible that trained staff is available in an organized manner to perform the function on a constant basis and without interruptions. 3. The staff of the roads department is trained on a regular basis to ensure that they are informed of new information and technologies. 4. As a result of the IDP, Council approved a budget to render this service in a sustainable way. 5. In the process of providing roads services it is essential that new procedures are constantly investigated. Staff in this department constantly seek new technology, procedures and innovations to ensure that the service is rendered in a sustainable and economically viable way 6. To administrate this public service in an economic viable and sustainable way the management and control functions are briefly as follows: <ol style="list-style-type: none"> a. Short- and long-term policies. b. The managing of roads fits in with the macro- organizational structure of the municipality in such a way that the Integrated Development Planning process will be supported. c. Training staff forms an essential part of the Council's policy regarding the proper delivery of services to the communities. d. To allocate funds through the IDP for the maintenance, upgrading and extension of the service e. Control from management in such a way that the innovation of the individual is not constricted 		
	<p>These services extend to include urban roads, but do not take account of rural roads which resides within the jurisdiction of national/provincial government.</p> <p>The municipality has a mandate to:</p> <ul style="list-style-type: none"> • Provide road services which include maintenance, upgrading and extensions of paved and unpaved roads, storm water systems, road markings and street and direction signs 		
	<p>The strategic objectives of this function are:</p> <ul style="list-style-type: none"> • To render the service in an economic viable and sustainable way 		
	<p>The key issues for 2008/2009 were:</p> <ul style="list-style-type: none"> • increase the spending on the resealing of roads • upgrade the pavement management system 		

Function: Sub Function: Reporting Level	Road Transport Roads Detail	Total	
Analysis of the Function:	Statistical information as a minimum:		R (000s)
1	Number and cost to employer of all personnel associated with road maintenance and construction: <ul style="list-style-type: none"> Professional (Engineers/Consultants) Field (Supervisors/Foremen) Office (Clerical/Administration) Non-professional (blue collar, outside workforce) Temporary Contract 	68	7,300
		2	401
		9	2,008
		8	292
		50	4,599
		0	<cost>
		0	<cost>
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
2	Total number, kilometres and total value of road projects planned and current: <ul style="list-style-type: none"> New bitumenised (number) Existing re-tarred (number) New gravel (number) Existing re-sheeted (number) 		1,500
		1,5000	3,600
		7,641	3,000
		0	0
		0	0
	Note: if other types of road projects, please provide details		
3	Total kilometres and maintenance cost associated with existing roads provided: <ul style="list-style-type: none"> Tar Gravel 		10,584
		279,5	<cost>
		87,2	<cost>
	Note: if other types of road provided, please provide details		
4	Average frequency and cost of re-tarring, re-sheeting roads: <ul style="list-style-type: none"> Tar Gravel 		R (000s)
		<total>	<cost>
	Note: based on maintenance records		
5	Estimated backlog in number of roads, showing kilometres and capital cost: <ul style="list-style-type: none"> Tar Gravel 		90,200
		87	90,200
	Note: total number should appear in IDP, and cost in future budgeted road construction programme		
6	Type and number of grants and subsidies received:		R (000s)
	Not applicable	-	-
	Note: total value of specific road grants actually received during year to be recorded over the five quarters - Apr to Jun this year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
7	Total operating cost of road construction and maintenance function		R (000s)

Function: Sub Function: Reporting Level	Water Water Distribution Detail	Total	
Overview:	Includes the bulk purchase and distribution of water		
Description of the Activity:	The water purchase and distribution functions of the municipality are administered as follows and include:		
	<p>The following services are offered in terms of water services:</p> <ul style="list-style-type: none"> • The purification, bulk supply and distribution of water. <ol style="list-style-type: none"> 1. It is the policy of Council to provide the minimum level of service to all communities 2. The organogram makes it possible that trained staff are available in an organized manner to perform the following functions on a 24 hour basis and without interruption : <ol style="list-style-type: none"> a. Attend to complaints regarding water supply and quality. b. Repairs to burst pipe lines. c. Availability of household and industrial water connections where the service is needed. 3. The staff of the water department is trained on a regular basis to ensure that they are informed of new information and technologies. 4. As a result of the IDP, Council approved a budget to render this service in a sustainable way. 5. In the process of treating and supplying potable water it is essential that new procedures are constantly investigated. 6. Staff in this department constantly seeks new technology, procedures and innovations to ensure that the service is rendered in a sustainable and economic viable way. 7. To administrate this trading service in a economic viable and sustainable way the management and control functions are briefly as follows: <ol style="list-style-type: none"> a. Short- and long-term term policies. b. The managing of water fits in with the macro- organizational structure of the municipality in such a way that the Integrated Development Planning process will be supported c. Training staff forms an essential part of the Council's policy regarding the proper delivery of services to the communities d. To allocate funds through the IDP for the maintenance, upgrading and extension of the service e. Control from management in such a way that the innovation of the individual is not constricted 		
	<p>The municipality has a mandate to:</p> <ul style="list-style-type: none"> • Deliver with full authority the water supply and distribution in municipal area. 		
	<p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> • To render the service in an economic viable and sustainable way. • To reduce unaccounted for water. • To inform communities of water saving measures. • To utilize resources. 		
	<p>The key issues for 2008/09 were:</p> <ul style="list-style-type: none"> • Investigating all bulk consumer and industrial users to ensure meter efficiency • Test all reservoirs for leakage • Updating the water services master plan for the Swartland 		
	Statistical information as a minimum:		

Function: Sub Function: Reporting Level	Water Water Distribution Detail	Total	
1	Number and cost to employer of all personnel associated with the water distribution function: (Totals) <ul style="list-style-type: none"> Professional (Engineers/Consultants) Field (Supervisors/Foremen) Office (Clerical/Administration) Non-professional (blue collar, outside workforce) Temporary Contract 	54 2 7 11 34 0 0	5,298 291 1,166 1,502 2,339 0 0
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.		
2	Percentage of total water usage per month <Insert table showing monthly water usage >	<volume>	<volume>
	Note: this will therefore highlight percentage of total water stock used per month		
3	Total volume and cost of bulk water purchases in kilolitres and rand, by category of consumer	5 255 603	14,909,085
4	Total volume and receipts for bulk water sales in kilolitres and rand, by category of consumer: <ul style="list-style-type: none"> Category 1 (total number of households) Category 2 (Commercial) Category 3 (Other) 	4 279 81 2 953 348 254 026 72 408	20,182,130 11,881,378 7,907,709 343,043
5	Total year-to-date water losses in kilolitres and rand <detail total>	<volume>	R (000s) <cost>
6	Number of households with water service, and type and cost of service: <ul style="list-style-type: none"> Piped water inside dwelling Piped water inside yard Piped water on community stand: distance < 200m from dwelling Piped water on community stand: distance > 200m from dwelling Borehole Spring Rain-water tank 	783 084 15 470 0 65	3,915,424 <cost> <cost> <cost> <cost> <cost> <cost> <cost>
	Note: if other types of services are available, please provide details		
7	Number and cost of new connections: <detail total>		R (000s)
8	Number and cost of disconnections and reconnections: <detail total>	<number>	R (000s) <cost>

Function: Sub Function: Reporting Level	Water Water Distribution Detail	Total	
9	Number and total value of water projects planned and current: <ul style="list-style-type: none"> Current (financial year after year reported on) Planned (future years) <p>Note: provide total project and project value as per initial or revised budget</p> <ul style="list-style-type: none"> Piped water inside dwelling Piped water inside yard Piped water on community stand: distance < 200m from dwelling Piped water on community stand: distance > 200m from dwelling Borehole Spring Rain-water tank <p>Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality</p>		
10	Anticipated expansion of water service: <ul style="list-style-type: none"> Piped water inside dwelling Piped water inside yard Piped water on community stand: distance < 200m from dwelling Piped water on community stand: distance > 200m from dwelling Borehole Spring Rain-water tank <p>Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality</p>		
11	Estimated backlog in number (and cost to provide) water connection: <ul style="list-style-type: none"> Piped water inside dwelling Piped water inside yard Piped water on community stand: distance < 200m from dwelling Piped water on community stand: distance > 200m from dwelling Borehole Spring Rain-water tank <p>Note: total number should appear in IDP, and cost in future budgeted capital housing programmes</p>		
12	Free Basic Service Provision: <ul style="list-style-type: none"> Quantity (number of households affected) Quantum (value to each household) <p>Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.</p>		

Function: Sub Function: Reporting Level	Water Water Distribution Detail	Total	
13	Type and number of grants and subsidies received: <list each grant or subsidy separately> Note: total value of specific water grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.	<total>	R (000s) <value>
14	Total operating cost of water distribution function		20,472,590

Function: Sub Function: Reporting Level	Electricity Electricity Distribution Detail	Total	
Overview:	Includes the bulk purchase and distribution of electricity		
Description of the Activity:	The electricity purchase and distribution functions of the municipality are administered as follows and include: <ul style="list-style-type: none"> Bulk electricity is purchased from Eskom and is distributed to customers by means of electrical networks. The electricity department is responsible for planning, design, construction, maintenance and operation of electrical networks and associated electrical infrastructure Industrial and commercial consumers: Medium or low voltage on bulk, commercial or pre-paid (conditional) tariffs Residential consumers: Low voltage on residential, alternative or prepaid (conditional) tariffs ESKOM mainly reticulates electricity in the rural areas. 		
	The municipality has a mandate to: <ul style="list-style-type: none"> Electricity is distributed and supplied to customers in Malmesbury, Moorreesburg, Darling, Yzerfontein and the PPC residential area in Riebeeck West. In addition, the electricity department provides and supports auxiliary electricity services, i.e. municipal building electrical and mechanical installations, standby power supplies, load control system, water and sewage pump station and motor control systems, traffic signals, radio communication network and high sites as well as television transmitters. 		
	The strategic objectives of this function are to: <ul style="list-style-type: none"> Ensure reliable supply of electricity to all customers at reasonable tariffs by planning for developments and load growth and undertaking upgrading and maintenance. 		
	The key issues for 2008/09 were: <ul style="list-style-type: none"> Planning for load growth and future developments Upgrading and maintenance of electricity assets Improvement of infrastructure to enhance reliability Improvement of safety of electrical networks Provision of electrical infrastructure for new municipal developments, i.e. residential plots: 540 low cost houses (Darling) Upgrading of electrical infrastructure to increase capacity for Darling East and North 		

Function: Sub Function: Reporting Level	Electricity Electricity Distribution Detail	Total	
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
1	Number and cost to employer of all personnel associated with the electricity distribution function:	37	5,910,000
	• Professional (Engineers/Consultants)	1	
	• Field (Supervisors/Foremen)	6	
	• Office (Clerical/Administration)	0	
	• Non-professional (blue collar, outside workforce)	30	
	• Temporary	0	
	• Contract	0	
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.		
2	Total quantity and cost of bulk electricity purchases in kilowatt hours and rand, by category of consumer	176,767,000	46,512
3	Total quantity and receipts for bulk electricity sales in kilowatt hours and rand, by category of consumer:		R (000s)
	• Household		
	• Commercial		
	• Industrial		
	• Mining		
	• Agriculture		
	• Other		
4	Total year-to-date electricity losses in kilowatt hours and rand	17,080,775	R (000s)
	<detail total>		<cost>
5	Number of households with electricity access, and type and cost of service:	13 800	R (000s)
	• Electrified areas		
	• Municipal	13 800	n/a
	• Eskom	<total>	n/a
	• Alternate energy source		
	• Gas	n/a	n/a
	• Paraffin	n/a	n/a
	• Solar	n/a	n/a
	• Wood	n/a	n/a
	• Non electrified	0	n/a
	Note: if other types of services are available, please provide details		
6	Number and cost of new connections:		R (000s)
	<detail total>	142	855

Function: Sub Function: Reporting Level	Electricity Electricity Distribution Detail	Total	
Analysis of the Function:			
7	Number and cost of disconnections and reconnections <detail total>	15,702	R (000s) 13,335
8	Number and total value of electrification projects planned and current: • Current (financial year after year reported on) • Planned (future years) Note: provide total project and project value as per initial or revised budget	540	R (000s) 2,600
9	Anticipated expansion of electricity service: New Connections	540	R (000s)
10	Estimated backlog in number (and cost to provide) water connection: <detail total> Note: total number should appear in IDP, and cost in future budgeted capital housing programmes	<total>	R (000s) <cost>
11	Free Basic Service Provision: • Quantity (number of households affected) • Quantum (value to each household) Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.	3,657 50kWh electricity	
12	Type and number of grants and subsidies received: <list each grant or subsidy separately> Note: total value of specific electricity grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.	<total>	R (000s) <value>
13	Total operating cost of electricity distribution function		60,957

Function: Sub Function: Reporting Level	Electricity Street Lighting Detail	Total	
Overview:	Includes all activities associated with the provision of street lighting to the community		
Description of the Activity:	Street lighting responsibilities of the municipality are administered as follows and include:		
	Street lighting, sport field lighting, area lighting and festive lighting assemblies are provided including electrical networks, luminaries, poles, masts and control equipment		
	These services extend to include <function/area>, but do not take account of <function/area> which resides within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:		
	<ul style="list-style-type: none"> Provision and maintenance of streetlights and sport field lighting: Malmesbury, Moorreesburg, Darling, Yzerfontein and PPC residential development The Municipality finances and install (conditionally) streetlights in areas where Eskom is the supply authority, i.e. Riebeeck West, Riebeeck-Kasteel, Abbotsdale, Riverlands, Chatsworth, Kalbaskraal and Koringberg. 		
	The strategic objectives of this function are to:		
	<ul style="list-style-type: none"> Provide reliable and efficient street lighting and sport field lighting by the application of appropriate technology. 		
	The key issues for 2008/09 were:		
	<ul style="list-style-type: none"> Provision and upgrading of street lighting for Chatsworth, Darling, Riebeeck Kasteel as well as street lighting for new developments, i.e. Darling low cost housing project 		
Analysis of the Function:	Statistical information as a minimum:		
1	Number and total operating cost of streetlights servicing population:		R (000s)
		3 400	814
	Note: total streetlights should be available from municipal inventory		
2	Total bulk kilowatt hours consumed for street lighting:	2,200,314	

ANNEXURE 1
2008/09 Performance Report

ANNEXURE 1: 2008/09 PERFORMANCE REPORT

HOW MEASUREMENT WAS DONE

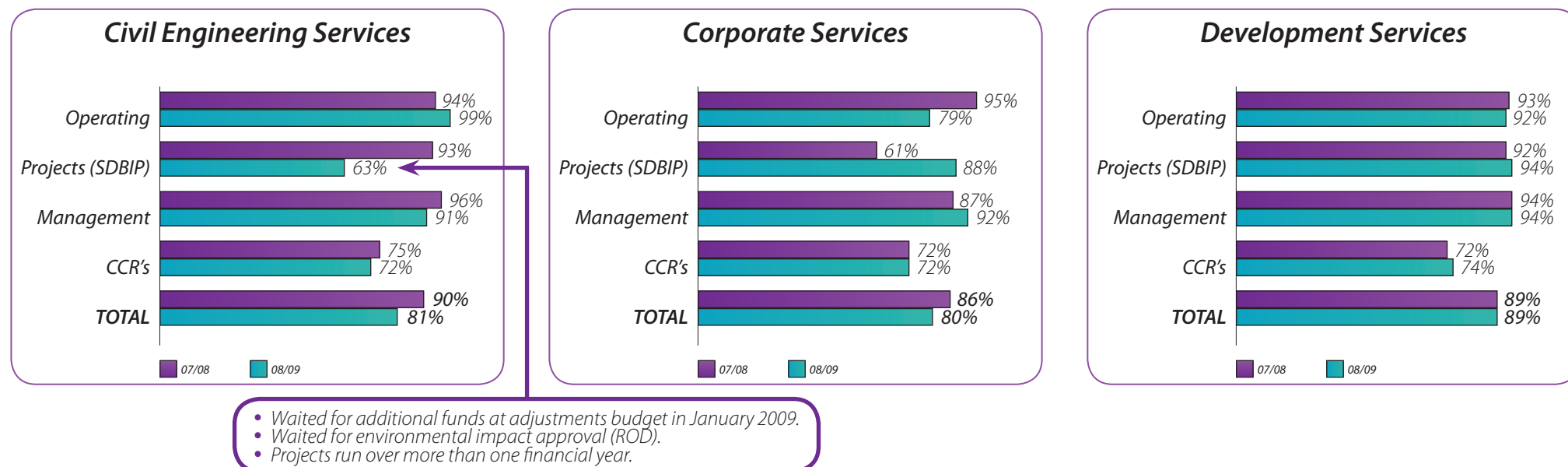
Monthly monitoring of directors and division heads was done in terms of:

- Operational key performance indicators (KPI's) and targets;
- Management KPI's and targets;
- Projects (SDBIP);
- Quarterly evaluation of core competency requirements (CCR's) in respect of the municipal manager and directors; and
- Quarterly audit of performance measurement (internal audit)

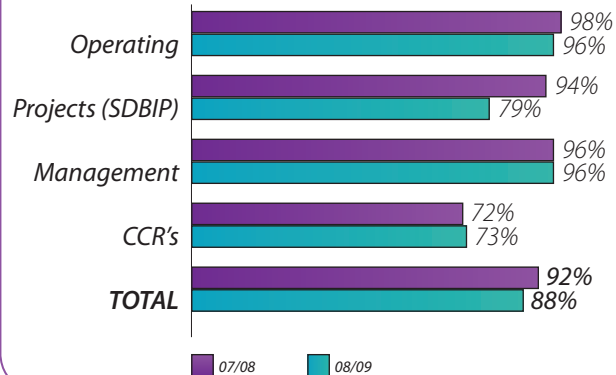
HOW TO INTERPRET THE RESULTS

- 100% means the target was reached in full.
- KPI's and targets were included with the specific purpose to point out weaknesses in the organisation. This was however only possible because the performance management system is not linked to the payment of bonuses.
- Deviation from the 100% does occur, but only where the score is less than 70% reasons for underperformance are given.

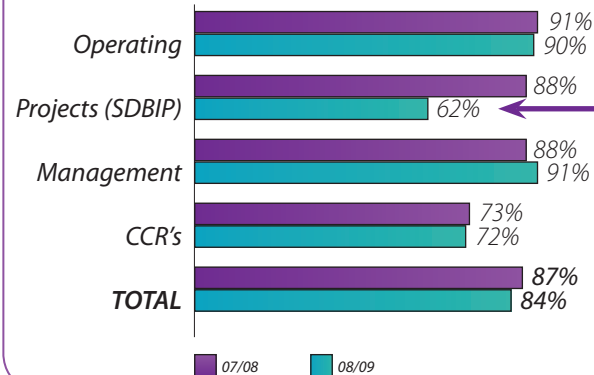
OVERALL PERFORMANCE



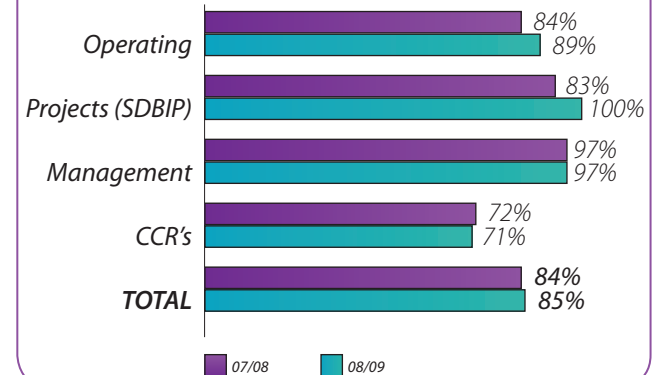
Electrical Engineering Services



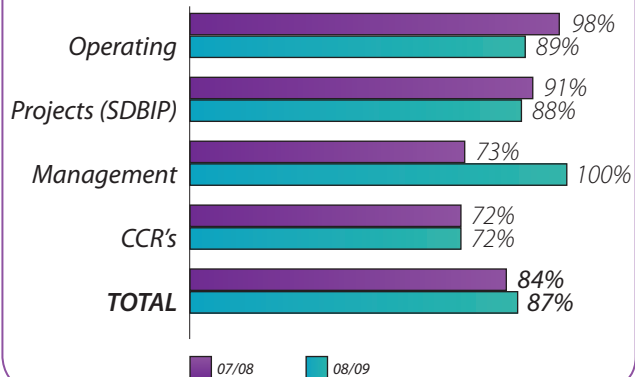
Financial Services



Protection Services



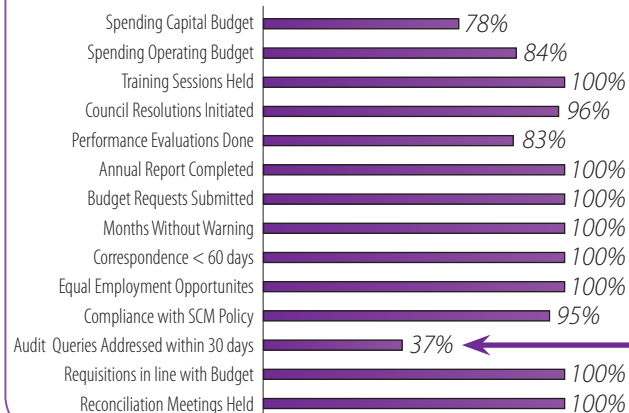
Municipal Manager



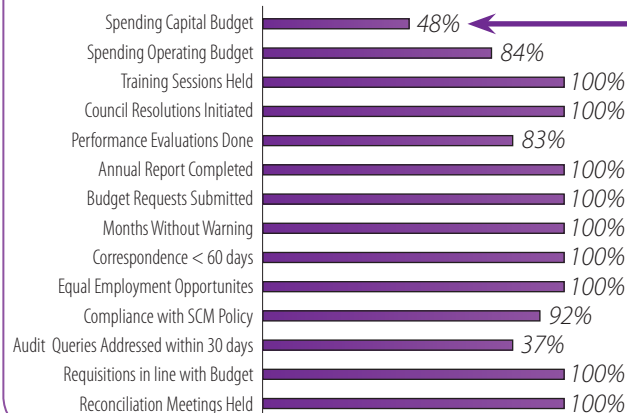
Saving on vehicles and equipment.

MANAGEMENT INDICATORS

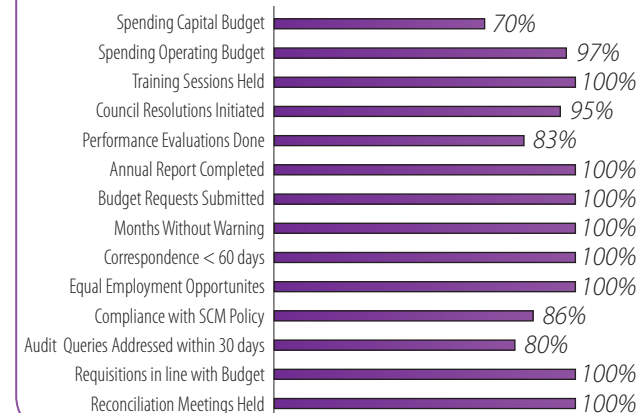
Civil Engineering Services



Corporate Services



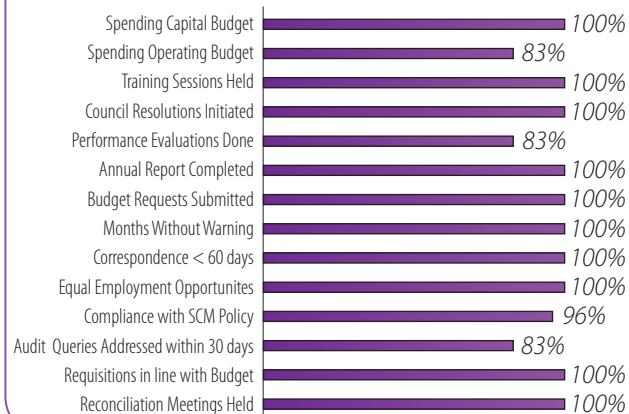
Development Services



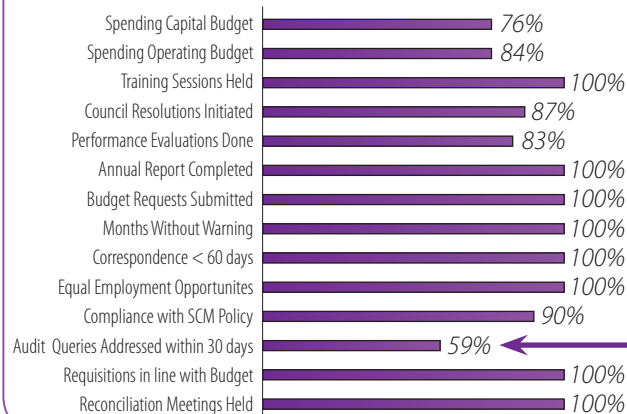
- Responsibilities for issue and control of supplies and tools is now divided amongst relevant supervisors.
- Adaptations had to be done to the store in order for items to be stored separately.

Land was obtained at a much lower price than was budgeted for.

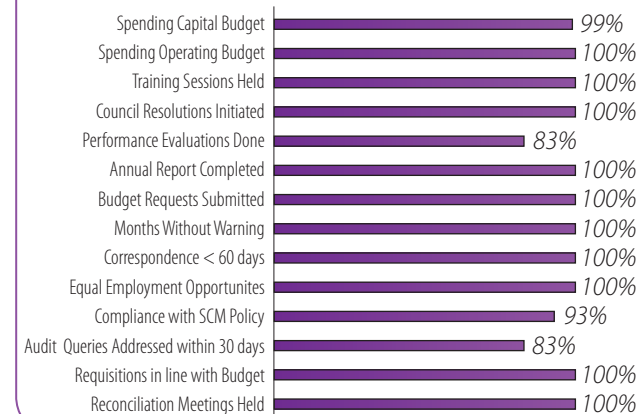
Electrical Engineering Services



Financial Services

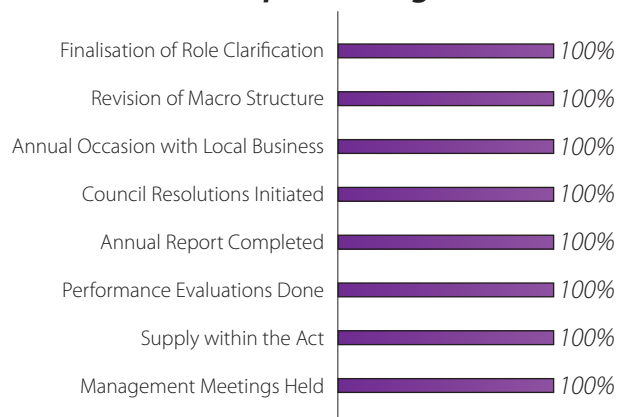


Protection Services



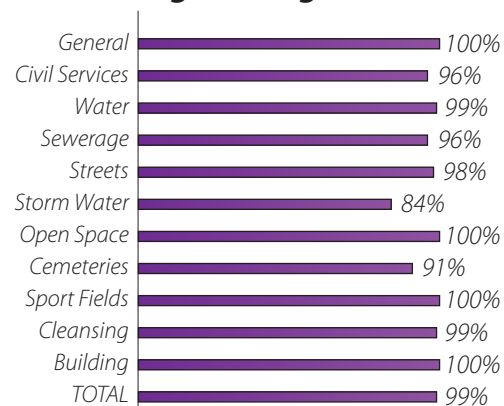
- Several audit findings required more attention because of the development of systems reports. Processes also spread over more than one directorate.
- Adaptations and shifts of stores took place.
- Policies had to be adapted and approved.

Municipal Manager

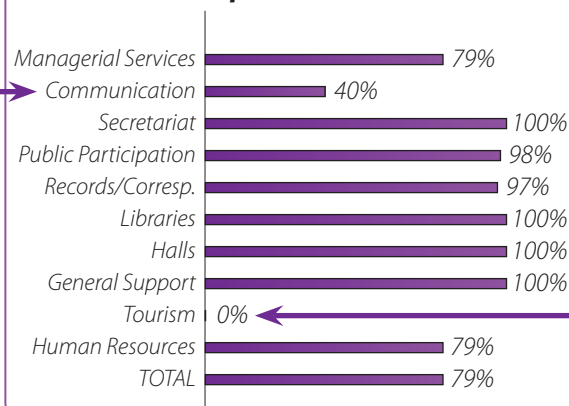


OPERATIONAL INDICATORS

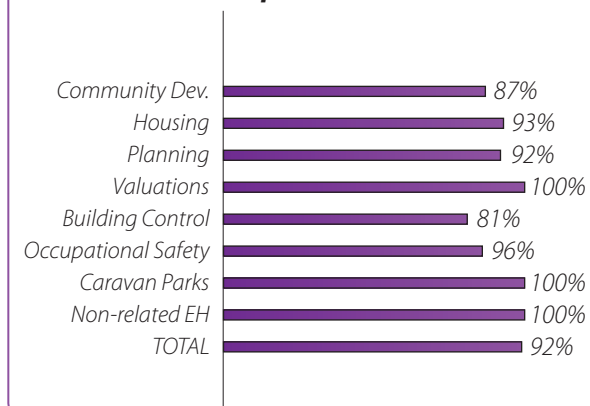
Civil Engineering Services



Corporate Services



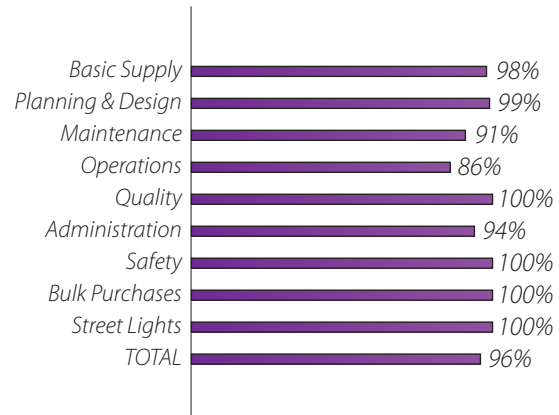
Development Services



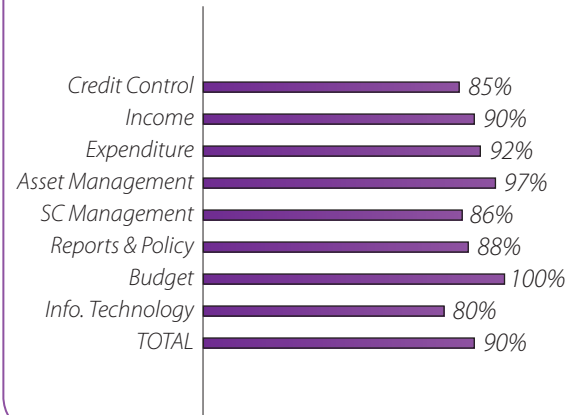
- Compilation of external communication plan kept back pending feedback on the client services survey.
- Client services consultant was appointed in January 2009 and the project was completed in June 2009.
- The provision of a decentralised client services centre is currently not an option. Indicator removed for 2009/10.

Measurement of this objective could not be realized in practice because of changes in appointment of officials responsible for tourism. Measurable objectives for 2009/10 will be determined by new official.

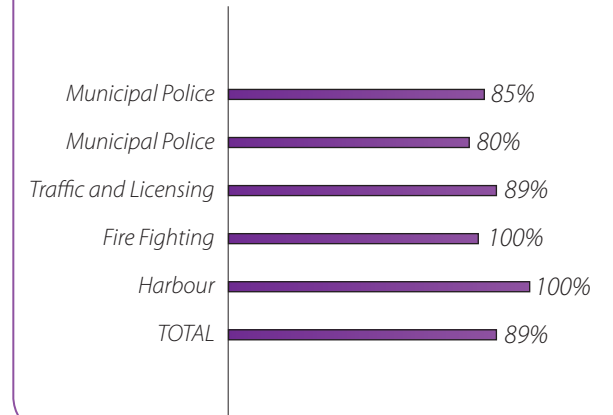
Electrical Engineering Services



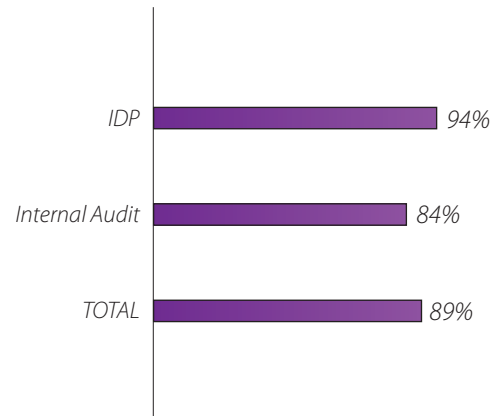
Financial Services



Protection Services



Municipal Manager



ANNEXURE 2
2008/09 Financial Statements

SWARTLAND MUNICIPALITY

INDEX

Page

General Information	1
Approval of Financial Statements	2
Statement of Financial Position	3
Statement of Financial Performance	4
Statement of Changes in Net Assets	5
Cash Flow Statement	6
Accounting Policies	7 - 23
Notes to the Annual Financial Statements	24 - 74
Appendix A: Schedule of External Loans	75
Appendix B: Analysis of Property, Plant and Equipment	76 - 77
Appendix C: Segmental Analysis of Property, Plant and Equipment	78
Appendix D: Segmental Statement of Financial Performance	79
Appendix E(1): Actual versus Budget (Revenue and Expenditure)	80
Appendix E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment)	81
Appendix F: Disclosures of Grants and subsidies in Terms of the Municipal Finance Management Act	82 - 84

SWARTLAND MUNICIPALITY

GENERAL INFORMATION

EXECUTIVE MAYOR	Councillor A W Bredell
DEPUTY MAYOR	Councillor C McKrieling
SPEAKER	Councillor A Johnson

MEMBERS OF THE EXECUTIVE MAYORAL COMMITTEE:

Chairperson	Councillor A W Bredell
Member	Councillor C McKrieling
Member	Councillor T van Essen
Member	Councillor J L Griebenaauw
Member	Councillor M S I Goliath

CHAIRPERSONS OF THE PORTFOLIO COMMITTEES :

Administration and Finance Portfolio	Councillor N J A Rust
Community Safety Portfolio	Councillor W Wilskut
Community Services Portfolio	Councillor D C Slade
Technical Services Portfolio	Councillor J Loxton

MEMBERS OF THE FINANCIAL AUDIT COMMITTEE:

Chairperson	Mr C B de Jager
Member	Ms M F Allie
Member	Mr J M Becker
Member	Mr J J Scholtz

MEMBERS OF THE PERFORMANCE AUDIT COMMITTEE:

Chairperson	Mr C B de Jager
Member	Ms M F Allie
Member	Mr J M Becker
Member	Mr A J B Dippenaar

GRADING OF THE LOCAL AUTHORITY:

Grade 3

AUDITORS:

Office of the Auditor-General			
1 st Floor East Block			
Business Connexion Building			
Ring Road	Private Bag X 1		
Century City	Chempet	Telephone	021-528 4100
7441	7442	Fax	021-528 4201

BANKERS:

ABSA Bank			
50 Voortrekker Road	P.O. Box 75		
MALMESBURY	MALMESBURY	Telephone	022-482 7900
7300	7299	Fax	022-487 1219

REGISTERED OFFICE:

Church Street	Private Bag X 52		
MALMESBURY	MALMESBURY	Telephone	022-487 9400
7300	7299	Fax	022-487 9440

MUNICIPAL MANAGER:

J J Scholtz

DIRECTOR: FINANCIAL SERVICES:

K C Cooper

COUNCIL MEMBERS OF THE SWARTLAND MUNICIPALITY

<i>Councillor</i>	<i>Councillor</i>	<i>Councillor</i>	<i>Councillor</i>
Bredell A W	Goliath M S I	Rust N J A	Solomons C W
Cleophas J H	Griebenaauw J L	Schoor E	Stanley D L
Fortuin C	Johnson A	Sedeman A C	Stemele O M
Gali N L	Loxton J	Slade D C	Van Essen T
Geel B W	McKrieling C	Sneewe A M	Wilskut W

SWARTLAND MUNICIPALITY**ANNUAL FINANCIAL STATEMENTS****for the year ended****30 June 2009*****APPROVAL OF FINANCIAL STATEMENTS***

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 84 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 30 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

J J Scholtz
Municipal Manager

31 August 2009
Date

SWARTLAND MUNICIPALITY**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009**

	Note	2009 R	2008 Restated R
NET ASSETS AND LIABILITIES			
Net assets		435,578,503	389,076,925
Housing Development Fund	2	2,828,029	2,168,776
Accumulated Surplus	3	432,750,474	386,908,149
Non-current liabilities		91,599,038	45,671,107
Long-term liabilities	4	67,361,960	24,037,331
Provision for post- retirement medical aid benefits	5	21,134,252	19,150,406
Other non-current provisions	6	3,102,826	2,483,370
Current liabilities		56,549,322	50,887,271
Consumer deposits	7	4,897,668	4,551,628
Provisions	8	1,400,370	1,132,474
Creditors	9	35,396,214	33,163,139
Unspent conditional grants and receipts	10	11,534,086	9,082,730
Operating lease liability	13	-	38,466
Current portion of long-term liabilities	4	3,320,984	2,918,834
Total Net Assets and Liabilities		583,726,863	485,635,303
ASSETS			
Non-current assets		351,079,684	317,883,952
Property, plant and equipment	14	325,685,117	292,973,045
Intangible Assets	15	114,155	37,279
Investment property	16	24,645,091	23,801,779
Long-term receivables	17	276,327	333,550
Finance lease receivables	18	358,994	738,299
Current assets		232,647,179	167,751,351
Inventory	19	4,112,913	7,588,487
Consumer debtors	20	25,013,873	19,784,298
Other debtors	21	2,584,176	4,707,731
VAT	22	3,031,112	1,068,340
Operating lease asset	13	8,104	10,900
Current portion of long-term receivables	17	56,891	65,017
Current portion of finance lease receivables	18	74,069	162,672
Bank balances and cash	39	197,766,041	134,363,906
Total Assets		583,726,863	485,635,303

SWARTLAND MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 Restated R
REVENUE			
Property rates	23	48,024,811	43,190,952
Service charges	24	130,482,552	109,692,425
Rental of facilities and equipment	26	1,963,920	1,655,012
Interest earned - cash deposits	25	18,327,478	12,868,396
Interest earned - outstanding debtors	25	1,411,807	1,251,315
Fines		3,653,893	4,328,514
Licences and permits		2,602,940	2,672,475
Income for agency services		2,356,737	2,347,840
Conditional Government grants and subsidies	27	29,595,415	15,288,808
Unconditional Government and other grants		14,676,000	14,844,952
Other revenue	28	8,736,014	11,860,587
Sale of Land Inventories		15,834,497	44,350,738
<i>Revenue on sale of land</i>		18,391,720	45,036,616
<i>Cost of land sold</i>		2,557,223	685,878
Total Revenue		277,666,064	264,352,014
EXPENDITURE			
Employee related costs	29	75,075,058	64,247,657
Remuneration of Councillors	30	4,893,100	4,441,245
Impairment loss	20/21	999,258	1,540,636
Depreciation and Amortisation	31	18,604,766	15,554,160
Repairs and maintenance		13,710,041	10,175,504
Interest paid	32	5,351,452	3,671,458
Bulk purchases	33	59,784,449	45,780,843
Contracted services		2,798,307	2,055,778
Grants and subsidies paid	34	1,210,338	1,184,541
General expenses	36	49,835,206	43,819,474
Loss on disposal of property, plant and equipment		23,448	-
Total Expenditure		232,285,423	192,471,296
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR		45,380,641	71,880,718
<i>Other income:</i>			
Gains on disposal of property, plant and equipment		58,883	62,165
SURPLUS/(DEFICIT) FOR THE YEAR		45,439,524	71,942,883
Refer to Appendix E (1) for explanation of variances			

SWARTLAND MUNICIPALITY**STATEMENT OF CHANGES IN NET ASSETS**
FOR THE YEAR ENDED 30 JUNE 2009

	Housing Development Fund R	Accumulated Surplus/ (Deficit) R	Total R
Balance at 1 July 2007	-	261,230,727	261,230,727
Correction of error and changes in accounting policy (Note 37)	3,699,736	52,203,579	55,903,315
Restated balance	3,699,736	313,434,306	317,134,042
Restated Surplus for the year	-	71,942,883	71,942,883
Transfer from Housing Development Fund	(1,530,960)	1,530,960	-
Balance at 30 June 2008	2,168,776	386,908,149	389,076,925
Surplus for the year	-	45,439,524	45,439,524
Other movement (refer notes 15 and 16)	-	1,062,054	1,062,054
Transfer from Housing Development Fund	659,253	(659,253)	-
Balance at 30 June 2009	2,828,029	432,750,474	435,578,503

SWARTLAND MUNICIPALITY**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009	2008
		R	Restated R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		259,483,848	254,457,409
Cash paid to suppliers and employees		(201,747,800)	(167,948,058)
Cash generated from operations	38	57,736,048	86,509,351
Interest received		18,327,478	12,868,396
Interest paid		(5,351,452)	(3,671,458)
NET CASH FROM OPERATING ACTIVITIES		70,712,074	95,706,289
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	14	(51,622,314)	(62,140,653)
Purchase of intangible assets	15	(73,793)	(18,550)
Purchase of investment properties	16	-	-
Proceeds on disposal of property, plant and equipment		126,132	105,867
Decrease in long- term receivables		533,257	1,343,474
NET CASH FROM INVESTING ACTIVITIES		(51,036,718)	(60,709,862)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised		46,743,311	960,016
Loans repaid		(3,016,532)	(2,523,576)
NET CASH FROM FINANCING ACTIVITIES		43,726,779	(1,563,560)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		63,402,135	33,432,867
		63,402,135	33,432,867
Cash and cash equivalents at the beginning of the year		134,363,906	100,931,039
Cash and cash equivalents at the end of the year	39	197,766,041	134,363,906

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with the Accounting Standards as prescribed by the Minister of Finance in terms of Government Gazette number 31021, Notice Number 516, dated 9 May 2008 and also in terms of the standards and principles contained in Directives 4 and 5 issued by the ASB in March 2009.

The Accounting Framework of the municipality, based on the preceding paragraph is therefore as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the Reporting Date
GRAP 16	Investment property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GAMAP 9	Paragraphs relating to Revenue from Non-Exchange Transactions
GRAP 100	Non-Current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets
IPSAS 20	Related Party Disclosure
IPSAS 21	Impairment of Non Cash-Generating Assets
IFRS 3	Business Combinations
IFRS 7	Financial Instruments: Disclosures
IAS 19	Employee Benefits
IAS 32	Financial Instruments: Presentation
IAS 36	Impairment of Assets
IAS 39	Financial Instruments: Recognition and Measurement
IFRIC 4	Determining whether an arrangement contains a lease

1. 1 CHANGES IN ACCOUNTING POLICY AND COMPARABILITY

Accounting Policies have been consistently applied, except where otherwise indicated below:

For the year ended 30 June 2008 the municipality complied with the three effective GRAP standards, the eight effective GAMAP standards, all relevant GAAP Standards and applied certain of the exemptions set out in Government Gazette 30013, as at that date. For the year ended 30 June 2009 the municipality has adopted the accounting framework as set out in point 1 above. The details of any resulting changes in accounting policy and comparative restatements are set out below.

The municipality changes an accounting policy only if the following instances:

- (a) is required by a Standard of GRAP; or
- (b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flow.

1. 2 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1. 2. 1 Revenue Recognition

Accounting Policy 10.2 on *Revenue from Exchange Transactions* and Accounting Policy 10.3 on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2009**

1. BASIS OF PRESENTATION (continued)

1. 2 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS (continued)

1. 2. 1 Revenue Recognition (continued)

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: *Revenue from Exchange Transactions* and GAMAP 9: Revenue, as far as Revenue from Non-Exchange Transactions is concerned (see Basis of Preparation above). In particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1. 2. 2 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. Accounting Policy 6.1 on *Financial Assets Classification* and Accounting Policy 6.2 on *Financial Liabilities Classification* describe the factors and criteria considered by the management of the municipality in the classification of financial assets and liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in IAS 32: *Financial Instruments - Presentation* and IAS 39: *Financial Instruments - Recognition and Measurement*.

1. 2. 3 Impairment of Financial Assets

Accounting Policy 6.4 on *Impairment of Financial Assets* describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in IAS 39: *Financial Instruments - Recognition and Measurement*. The management of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate.

1. 2. 4 Useful lives of Property, Plant and Equipment

As described in Accounting Policies 3.3, 4 and 5 the municipality depreciates/ amortises its property, plant and equipment, investment property and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives and residual values of the assets are based on industry knowledge.

1. 2. 5 Impairment: Write down of Property, Plant and Equipment and Inventories

Accounting Policy 3.9 on *PPE - Impairment of assets* and Accounting Policy 4.2 on *Intangible assets - Subsequent Measurement, Amortisation and Impairment* and Accounting Policy 8.2 on *Inventory - Subsequent measurement* describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to PPE impairment testing, Intangible assets impairment testing and write down of Inventories to Net Realisable Values (NRV).

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 17: *Property, Plant and Equipment*, GRAP 12: *Inventory* and GRAP 102: *Intangible assets*. In particular, the calculation of the recoverable service amount for PPE and intangible assets and the NRV for inventories involves significant judgment by management.

1. 2. 6 Defined Benefit Plan Liabilities

As described in Accounting Policy 13, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of IAS 19. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Notes 5 and 6 to the Annual Financial Statements.

1. 3 PRESENTATION CURRENCY

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand, which is the municipality's functional currency.

1. 4 GOING CONCERN ASSUMPTION

The Annual Financial Statements have been prepared on a going concern basis.

SWARTLAND MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1. BASIS OF PRESENTATION (continued)

1. 5 OFFSETTING

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1. 6 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18 Segment Reporting - issued March 2005
 GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
 GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
 GRAP 103 Heritage Assets - issued July 2008

Application of all of the above GRAP standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

IAS 39 Financial Instruments: Recognition and Measurement - amended version effective 1 January 2009
 IFRS 7 Financial Instruments: Disclosures - amended version effective March 2009

Management has considered all of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

2. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund.

In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

3. PROPERTY, PLANT AND EQUIPMENT

3. 1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3. 1 Initial Recognition (Continued)

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

3. 2 Subsequent Measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment, including for Infrastructure Assets, are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

3. 3 Depreciation

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation rates are based on the following estimated useful lives.

Depreciation only commences when the asset is available for use, unless stated otherwise.

	Years		Years
<i>Infrastructure</i>		<i>Buildings</i>	<i>30 - 100</i>
Roads and Paving	45 - 50		
Electricity	45 - 50	<i>Other</i>	
Water	15 - 100	Specialist Vehicles	5 - 20
Sewerage	15 - 100	Other Vehicles	5 - 10
Landfill Sites	10 - 65	Office Equipment	3 - 7
		Furniture and Fittings	7 - 10
<i>Community</i>		Watercraft	15
Recreational Facilities	15 - 60	Bins and Containers	5
Security	5	Specialised Plant and Equipment	10 - 15
		Other items of Plant and Equipment	2 - 5

The assets' residual values, estimated useful lives and depreciation method are reviewed annually, and adjusted prospectively if appropriate, at each reporting date.

3. 4 Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

3. 5 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

3. 6 Heritage Assets

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to uncertainty regarding their estimated useful lives.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3. 7 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

3. 8 Housing Development Fund Assets

The Housing Development Fund contains letting schemes that is included in Council's Property Plant and Equipment. All surpluses generated from the letting schemes are transferred to the Housing Development Fund.

3. 9 Derecognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not included in revenue.

Gains or losses are calculated as the difference between the net book value of assets (cost less accumulated depreciation and accumulated impairment losses) and the sales proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

3. 10 Impairment of assets

3. 10. 1 Impairment of Cash generating assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the individual asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

3. 10. 2 Impairment of Non-Cash generating assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2009**

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3. 10. 2 Impairment of Non-Cash generating assets (continued)

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

3. 11 Transitional Provisions

The estimated useful lives and the depreciation methods were not reviewed in the previous financial year as required by GAMAP 17 as these requirements were exempted in terms of General Notice 522 of 2007. The estimated useful lives and depreciation methods have been reviewed for the year ended 30 June 2009 (and applied retrospectively where practicable), and any changes therein have been implemented in accordance with the requirements of GRAP 17, GRAP 3 and ASB Directive 4.

The municipality did not perform impairment testing on its cash generating assets in the previous financial year as required by IAS 36, as this requirement has been exempted in terms of General Notice 522 of 2007. The testing for impairment of cash generating assets has been performed for the year ended 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of IAS 36 and GRAP 3.

The municipality did not perform impairment testing on its non-cash generating assets in the previous financial year as required by IAS 36, as this requirement has been exempted in terms of General Notice 522 of 2007. The testing for impairment of non-cash generating assets has been performed for the year ended 30 June 2009 (and not retrospectively) in accordance with the requirements of IPSAS 21.

4. INTANGIBLE ASSETS

4. 1 Initial Recognition

Identifiable non-monetary assets without physical substance which are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years. Development assets are tested for impairment annually, in accordance with IPSAS 21/ IAS 36.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2009**

4. INTANGIBLE ASSETS (continued)

4. 1 Initial Recognition (continued)

Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair value as at the date it is acquired. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

4. 2 Subsequent Measurement, Amortisation and Impairment

Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which are estimated to be between 3 to 5 years. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, for example servitudes obtained by the municipality give the municipality access to land for specific purposes for an unlimited period - however, such intangible assets are subject to an annual impairment test.

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

4. 3 Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

5. INVESTMENT PROPERTY

5. 1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases (this will include
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets Held for Sale, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- Property that is being constructed or developed for future use as investment property;
- Property that is leased to another entity under a finance lease;
Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- Property held for strategic purposes or service delivery.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

5. INVESTMENT PROPERTY (continued)

5. 2 Subsequent Measurement - Cost Model

Investment property is measured using the cost model. Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

5. 3 Transitional Provisions

Investment properties were recognised in terms of IAS 40 and subsequently measured in accordance with the cost model, but the fair values were not disclosed in the previous financial year as required by IAS 40 as this requirement was exempted in terms of General Notice 522 of 2007. The fair values of investment properties recognised in terms of GRAP 16 have been disclosed for the financial year ended 30 June 2009 (and retrospectively where practicable) in accordance with the requirements of GRAP 16, GRAP 3 and ASB Directive 4.

6. FINANCIAL INSTRUMENTS

The municipality has various types of financial instruments and these can be broadly categorised as either *Financial Assets* or *Financial Liabilities*. The municipality only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument.

6. 1 Financial Assets - Classification

A financial asset is any asset that is a cash or contractual right to receive cash. The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Investments in Fixed Deposits (Banking Institutions, etc)
- Long-term Receivables
- Consumer Debtors
- Certain Other Debtors (see note 21)
- Short-term Investment Deposits
- Bank Balances and Cash

In accordance with IAS 39.09 the *Financial Assets* of the municipality are classified as follows into the four categories allowed by this standard:

Type of Financial Asset	Classification in terms of IAS 39.09
Short-term Investment Deposits – Call	Held-to-maturity investments
Finance Lease Receivables	Loans and receivables
Long-term Receivables	Loans and receivables
Consumer Debtors	Loans and receivables
Other Debtors	Loans and receivables
Investments in Fixed Deposits	Held-to-maturity investments

Financial assets at fair value through profit or loss are financial assets that meet either of the following conditions:

- they are classified as held for trading; or
- upon initial recognition they are designated as at fair value through the Statement of Financial Performance.

Available for sale investments are financial assets that are designated as available for sale or are not classified as:

- Loans and Receivables;
- Held-to-Maturity Investments; or

Loans and Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

Held-to-Maturity Investments are financial assets with fixed or determinable payments and fixed maturity where the municipality has the positive intent and ability to hold the investment to maturity.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2009**

6. FINANCIAL INSTRUMENTS (continued)

6. 1 Financial Assets - Classification (continued)

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

6. 2 Financial Liabilities - Classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Long-term Liabilities
- Certain Other Creditors (see note 9)
- Bank Overdraft
- Short-term loans
- Current Portion of Long-term Liabilities
- Consumer Deposits

There are two main categories of *Financial Liabilities*, the classification determining how they are measured. Financial liabilities may be measured at:

- (i) Fair value through profit or loss; or
- (ii) Other financial liabilities.

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives) and are measured at fair value through profit or loss are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Any other financial liabilities are classified as "Other financial liabilities" and are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

In accordance with IAS 39.09 the *Financial Liabilities* of the municipality are all classified as "Other financial liabilities".

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

6. 3 Initial and Subsequent Measurement

6. 3. 1 Financial Assets:

Held-to-maturity Investments and *Loans and Receivables* are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

Available-for-Sale Financial Assets are initially measured at fair value plus directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the statement of financial performance, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the statement of financial performance.

6. 3. 2 Financial Liabilities:

Financial liabilities are recognised initially at fair value plus, in the case of instruments not at fair value through profit or loss, directly attributable transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

6. 4 Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2009**

6. FINANCIAL INSTRUMENTS (continued)

6. 4 Impairment of Financial Assets (continued)

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Consumer Debtors are stated at cost less a provision for bad debts. The provision is made in accordance with IAS 39.64 whereby the recoverability of Consumer Debtors is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

With the exception of Available-for-Sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of Available-for-Sale equity securities, impairment losses previously recognised through profit or loss are not reversed through the Statement of Financial performance. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

6. 5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

6. 6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

7. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

Risks and exposure are disclosed as follows:

Credit Risk

- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2009**

7. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES (continued)

Liquidity Risk

- A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.
- Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.
- A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 47.7 to the annual financial statements.

8. INVENTORIES

8. 1 Initial Recognition

Inventories comprise current assets held for sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

8. 2 Subsequent Measurement

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

Water and purified effluent are valued at purified cost insofar as it is stored and controlled in reservoirs at year-end.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

9. NON-CURRENT ASSETS HELD-FOR-SALE

9. 1 Initial Recognition

Non-current Assets and Disposal Groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

9. 2 Subsequent Measurement

Non-current Assets (and Disposal Groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

10. REVENUE RECOGNITION

10. 1 General

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the municipality and these benefits can be measured reliably, except when specifically stated otherwise.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

10. 2 Revenue from Exchange Transactions

10. 2. 1 Service Charges

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

10. 2. 2 Pre-paid Electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale and if payment is made five days before year end it's recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

10. 2. 3 Finance income

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

10. 2. 4 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

10. 2. 5 Income from Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2009**

10. REVENUE RECOGNITION (continued)

10. 2 Revenue from Exchange Transactions (continued)

10. 2. 6 Sale of Goods (including Houses)

Revenue from the sale of goods is recognised when all the following conditions have been met:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

10. 2. 7 Rentals

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

10. 3 Revenue from Non-exchange Transactions

10. 3. 1 Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

10. 3. 2 Fines

Fines constitute both spot fines and summonses for which revenue is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

10. 3. 3 Public contributions

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received and the municipality has not met the condition, a liability is recognised.

10. 3. 4 Other Donations and Contributions

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

10. 3. 5 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

10. 4 Transitional Provisions

Revenue was initially recognised at cost and not at fair value in the previous financial year, due to the fact that the requirements of GAMAP 9.12 and SAICA circular 09/2006 which states that revenue should be recognised initially at fair value through discounting all future receipts using an imputed rate of return, have been exempted in terms of General Notice 522 of 2007. Revenue is initially recognised at fair value for the year ended 30 June 2009 (and retrospectively, where practicable) by discounting all future receipts using an imputed rate of return in accordance with the requirements of GRAP 9, GRAP 3 and SAICA circular 09/2006.

11. GOVERNMENT GRANTS AND RECEIPTS

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2009**

11. GOVERNMENT GRANTS AND RECEIPTS (continued)

The municipality accounted for government grants and receipts in the previous financial year in accordance with the requirements of IAS 20. In terms of the ASB's Directive 5 of 2009, IAS 20 is however no longer included in the accounting framework for municipalities. A change in accounting policy has therefore occurred and the municipality has accounted for government grants and receipts for the year ended 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of GAMAP 9.42 - .46 and ASB Directives 3 and 5.

12. PROVISIONS

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken;
 - when the plan will be implemented; and;
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

13. EMPLOYEE BENEFITS

13.1 Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

13.2 Defined Contribution Plans

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2009**

13. EMPLOYEE BENEFITS (continued)

13. 3 Defined Benefit Plans

A **defined benefit plan** is a post-employment benefit plan other than a defined contribution plan.

13. 3. 1 Post-retirement Health Care Benefits:

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Actuarial gains or losses are accounted for using the “*corridor method*”. Actuarial gains and losses are eligible for recognition in the Statement of Financial Performance to the extent that they exceed 10 per cent of the present value of the gross defined benefit obligations in the scheme at the end of the previous reporting period. Actuarial gains and losses exceeding 10 per cent are spread over the expected average remaining working lives of the employees participating in the scheme.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

13. 3. 2 Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

13. 3. 3 Provincially-administered Defined Benefit Plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds (refer to Note 47 of the Annual Financial Statements for details). The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

14. LEASES

14. 1 The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2009**

14. LEASES (continued)

14. 1 The Municipality as Lessee (continued)

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

14. 2 The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

15. BORROWING COSTS

The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset only when the commencement date for capitalisation is on or after 1 July 2008, while all other borrowing costs incurred (including borrowing cost incurred on qualifying assets where the commencement date for capitalisation is prior to 1 July 2008) are recognised as an expense in the Statement of Financial Performance for the financial year ending 30 June 2009 in accordance with the requirements of GRAP 5 and ASB Directive 4.

It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established - the municipality expenses borrowing costs when it is inappropriate to capitalise it. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete.

16. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

17. VALUE ADDED TAX

The Municipality accounts for Value Added Tax on the cash basis.

18. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

19. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

20. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

21. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to note 37 for details of changes in accounting policies.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note 37 to the Annual Financial Statements for details of corrections of errors recorded during the period under review,

22. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

23. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

24. COMPARATIVE INFORMATION

24. 1 Prior year comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

25. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

26. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

2009	2008
R	R

1. GENERAL INFORMATION

Swartland Municipality (the municipality) is a local government institution in Malmesbury, Western Cape. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Constitution.

2. HOUSING DEVELOPMENT FUND**Restated**

Balance at the beginning of the year	2,168,776	3,699,736
Income	2,079,810	577,376
Maintenance	37,962	38,253
Transfer from unspent Grants	1,710,917	41,150
House selling scheme loans	191,700	361,031
Housing debtors	139,231	136,942
Less: Expenses	1,420,557	2,108,336
Funding operating projects	1,420,557	2,108,336
	2,828,029	2,168,776

Analysis of the composition of the Housing Development Fund:

Housing Development Fund	2,828,029	2,168,776
Unappropriated Surplus	2,109,608	703,385
Loans extinguished by Government on 1 April 1998	718,421	1,465,391

The Housing Development Fund is represented by the following assets and liabilities:

Housing selling scheme loans (see note 18).	433,063	900,971
Housing Rental Debtors (see note 20).	194,064	223,010
Bank and cash	2,200,902	1,044,795

Total Housing Development Fund Assets and Liabilities	2,828,029	2,168,776
--	------------------	------------------

The Housing Development Fund contain all proceeds from housing developments, which include rental income and sale of houses. Monies standing to the credit of the Housing Development Fund are used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

3. ACCUMULATED SURPLUS**Restated**

The following internal funds and reserves are ring-fenced within the Accumulated Surplus.

Capital replacement reserve	96,890,422	67,006,316
Capitalisation reserve	114,000,457	97,466,283
Donations and public contribution reserve	1,627,208	1,719,000
Government Grants Reserve	83,390,410	64,795,840
Accumulated surplus/(deficit) due to the results of operations	136,841,977	155,920,710

Total Accumulated Surplus	432,750,474	386,908,149
----------------------------------	--------------------	--------------------

The Capital Replacement Reserve is a reserve to finance future capital expenditure.

The Capitalisation Reserve equals the carrying value of the items of property, plant and equipment from the former legislated funds. The Capitalisation Reserve ensures consumer equity and is not backed by cash.

The Donation and Public Contribution Reserve equals the carrying value of the items of property, plant and equipment financed from public contributions and donations. The Donation and Public Contribution Reserve ensures consumer equity and is not backed by cash.

The Government Grant Reserve equals the carrying value of the items of property, plant and equipment financed by government. The Government Grant Reserve ensures consumer equity and is not backed by cash.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
4. LONG- TERM LIABILITIES		
Annuity Loans	69,494,869	25,782,011
Capitalised Lease Liability (see to note 12).	1,188,075	1,174,154
Sub-total	70,682,944	26,956,165
Less : Current portion transferred to current liabilities	3,320,984	2,918,834
Annuity Loans	3,026,622	2,699,857
Capitalised Lease Liability	294,362	218,977
Total: Long-term Liabilities (Neither past due nor impaired)	67,361,960	24,037,331

Summary of arrangements

Annuity Loans are repaid over periods varying from ten to twenty years (2008: ten to twenty years), and at interest rates varying from 9.575 % to 15.50 % (2008: 11.60 % to 15.50 %). Annuity Loans are not secured.

For detail of leasing arrangements regarding capitalised finance lease liabilities refer to note 12.

Management of the municipality is of the opinion that the carrying value of Long- Term Liabilities recorded at amortised cost in the financial statements approximate their fair values.

The fair value of Long- Term Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to APPENDIX A for more detail on long- term liabilities.

5. POST RETIREMENT MEDICAL AID BENEFIT LIABILITY

Post-Employment Health Care Benefit Liability	22,187,805	20,066,460
Total: Post Retirement Medical Aid Benefit Liability	22,187,805	20,066,460
Less: Transfer to Current Provisions	(1,053,553)	(916,054)
Net Post-Employment Health Care Benefit Liability	21,134,252	19,150,406

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

The most recent actuarial valuations of the present value of the unfunded defined benefit obligation were carried out as at 30 June 2009 by ARCH Actuarial Consulting, a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other post retirement benefits are provided by the municipality.

The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

- In-service members	213	198
- Continuation members	59	55
Total	272	253

The liability in respect of past service has been estimated to be as follows:

- In-service members	9,366,101	8,333,933
- Continuation members	12,815,917	12,566,988
	22,182,018	20,900,921

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas
- Hosmed
- Keyhealth
- LA Health
- Pro Sano
- Samwumed

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
--	-----------	-----------

5. POST RETIREMENT MEDICAL AID BENEFIT LIABILITY (Continued)

The future service cost for the ensuing year is established to be R 1,016,750, whereas the interest-cost for the next year is estimated to be R 1,983,244 (2008: R 952,676 and R 2,189,434 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rate	9.15 %	10.71 %
Health Care Cost Inflation Rate	7.86 %	9.58 %
Net Effective Discount Rate	1.20 %	1.03 %
Expected Rate of Salary Increase	6.67 %	9.03 %
Expected Return on Reimbursement Rights	6.11 %	7.83 %
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	64	64

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	22,182,018	20,900,921
Fair value of plan assets	-	-
	22,182,018	20,900,921
Unrecognised past service cost	-	-
Unrecognised actuarial losses	5,787	(834,461)
Present value of unfunded obligations	22,182,018	20,900,921
Benefit Liability	22,187,805	20,066,460

The amount recognised in the Statement of Financial Performance are as follows:

Current service cost	952,676	848,905
Interest cost	2,189,434	1,630,516
Total included in Employee Related Costs (see to note 29).	3,142,110	2,479,421

The movement in the defined benefit obligation over the year is as follows:

Balance at beginning of year	20,900,921	20,381,445
Current service cost	952,676	848,905
Interest cost	2,189,434	1,630,516
Benefits paid	(1,020,766)	(864,228)
Actuarial (gain)/loss on the obligation	(840,247)	(1,095,717)
Balance at end of year	22,182,018	20,900,921

The effect of a 1 % movement in the assumed rate of health care cost inflation is as follows:

Increase

Effect on the aggregate of the current service cost and the interest cost	591,082	479,105
Effect on the defined benefit obligation	3,425,256	3,266,409

Decrease

Effect on the aggregate of the current service cost and the interest cost	(469,873)	(377,823)
Effect on the defined benefit obligation	(2,782,640)	(2,656,775)

The history of experienced adjustments is as follows:

	2009	2008	2007	2006	2005
Defined benefit obligation	22,182,018	20,900,921	20,381,446	17,238,790	-
Experience adjustments on plan liabilities	271,882	2,232,699	1,450,367	-	-

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
--	-----------	-----------

5. POST RETIREMENT MEDICAL AID BENEFIT LIABILITY (Continued)

The municipality expects to make a contribution of R 2,999,994 (2008: R 3,142,110) to the defined benefit plans during the next financial year.

Refer to Note 47 "Multi- Employer Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

6. OTHER NON- CURRENT PROVISIONS***Long Service Awards***

Provision for Long Service Awards	3,449,643	2,699,790
Total Provision for Long Service Awards	3,449,643	2,699,790
Less: Transfer to Current Provisions	(346,817)	(216,420)
Net Long Service Awards liability	3,102,826	2,483,370

A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality (which includes their uninterrupted service with the former local authorities amalgamated in December 2000 to become Swartland Municipality). The said award comprises a certain number of vacation leave days which, in accordance with the option exercised by the beneficiary employee, can be converted into a cash amount based on his/her basic salary applicable at the time the award becomes due or, alternatively, credited to his/her vacation leave accrual. The provision represents an estimation of the awards to which employees in the service of the Municipality at 30 June 2009 may become entitled to in future, based on an actuarial valuation performed at that date.

The most recent actuarial valuations of the present value of the unfunded defined benefit obligation were carried out as at 30 June 2009 by ARCH Actuarial Consulting, a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other long service benefits are provided by the municipality.

The future service cost for the ensuing year is established to be R 478,478, whereas the interest-cost for the next year is estimated to be R 302,155 (2008: R 369,807 and R 284,296 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rate	9.21 %	10.97 %
Expected Rate of Salary Increase	6.67 %	9.03 %
Net Effective Discount Rate	2.38 %	1.78 %
Expected Return on Reimbursement Rights	6.11 %	7.83 %
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	64	64

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	3,449,643	2,699,790
	3,449,643	2,699,790
Present value of unfunded obligations	3,449,643	2,699,790
Net liability	3,449,643	2,699,790

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008			
	R	R			
6. OTHER NON-CURRENT PROVISIONS (Continued)					
<i>Long Service Awards (continued)</i>					
 The amount recognised in the Statement of Financial Performance are as follows:					
Current service cost	369,807	402,542			
Interest cost	284,296	222,612			
Actuarial (gain)/loss on the obligation	506,949	(380,516)			
Total included in Employee Related Costs (see to note 29).	1,161,052	244,638			
 The movement in the defined benefit obligation over the year is as follows:					
Balance at beginning of year	2,699,790	2,782,650			
Current service cost	369,807	402,542			
Interest cost	284,296	222,612			
Benefits paid	(411,199)	(327,498)			
Actuarial (gain)/loss on the obligation	506,949	(380,516)			
Balance at end of year	3,449,643	2,699,790			
 The history of experienced adjustments is as follows:					
	2009	2008	2007	2006	2005
Defined benefit obligation	3,499,643	2,699,790	2,782,650	2,385,606	-
Experience adjustments on plan liabilities	630,992	(396,187)	(375,596)	-	-
	2009	2008			
	R	R			
7. CONSUMER DEPOSITS					
Electricity and Water	4,897,668	4,551,628			
Interest paid	-	-			
Total Consumer Deposits	4,897,668	4,551,628			
Guarantees amounting to R 717 653 (2008: R 689,543) are held in lieu of Electricity and Water Deposits					
Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the Council can utilize the deposit as payment for the outstanding account.					
No interest is paid on consumer deposits held.					
Management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.					
The fair value of Consumer Deposits were determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.					
8. PROVISIONS					
Current portion of Post-Employment Health Care Benefits(see note 5)	1,053,553	916,054			
Current portion of Long-Service Awards (see note 6)	346,817	216,420			
Total Provisions	1,400,370	1,132,474			

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
8. PROVISIONS (continued)		
The movement in current provisions are reconciled as follows:		
	Post- Employment Health Care Benefits	Current portion of Long- service
30 June 2009		
Balance at beginning of year	916,054	216,420
Transfer from non-current	1,053,553	346,817
Contributions to provision	104,712	194,779
Expenditure incurred	(1,020,766)	(411,199)
Reversal of provision	-	-
Balance at end of year	1,053,553	346,817
	Post- Employment Health Care Benefits	Current portion of Long- service
30 June 2008		
Balance at beginning of year	873,650	270,086
Transfer from non-current	916,054	216,420
Contributions to provision	-	57,412
Expenditure incurred	(864,228)	(327,498)
Reversal of provision	(9,422)	-
Balance at end of year	916,054	216,420
	2009	2008
	R	Restated R
9. CREDITORS		
Trade creditors	25,953,141	23,972,310
Payments received in advance	1,256,129	731,881
Retentions	1,067,703	1,925,911
Staff leave	3,726,633	3,483,692
Other creditors	3,392,608	3,049,345
Total Creditors	35,396,214	33,163,139

The average credit period on purchases is 30 days from the receipt of the invoice (as determined by the MFMA). No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

Management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

Retentions refer to construction contracts.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
10. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
<i>10.1 Conditional Grants by other spheres of Government</i>	11,219,611	8,756,025
Abbotsdale Housing Project	-	114,108
Cleanest Town	127,544	110,517
Community Development: Workers	34,765	36,508
Darling Pedestrian Route	-	601,982
Database: Performance Management	56,000	-
Disaster Fund	1,723,936	-
Electricity Riebeek Kasteel/Kalbaskraal	-	435,975
Financial Management Grant	-	24,271
Housing Consumer Education Grant	63,795	3,132
Housing: Darling	6,628,169	2,820,545
Housing Project : Chatsworth - Transfer Fees	-	35,696
Housing: Riebeek Kasteel	-	1,133,976
Ilinge Lethu Advisory Centre	139,256	60,025
Ilinge Lethu Multipurpose Centre	49,153	33,587
Ilinge Lethu Housing Project	-	18,254
Kalbaskraal Housing Project	-	75,458
Kalbaskraal Housing Project (2)	-	1,019,078
Library	-	-
Malmesbury Saamstaan Housing Project	-	49,141
Municipal Systems Improvement Grant	341,857	414,002
Goedgedacht Sportgrounds	-	9,350
Project Preparation Grant	-	62,000
Riebeek Kasteel Extension 3 Housing Project	-	95,194
Riebeek Kasteel: Non Motorised Transport	-	57,214
Riebeek Wes Koinonia Housing Project	-	173,641
Riverlands/Chatsworth Sport	-	243,715
Soup Kitchen	-	15,000
Spatial Development Framework	-	22,926
Upgrading: Polla Park	-	1,044,918
Vuna Award	2,055,136	45,812
<i>10.2 Other Conditional Receipts</i>	314,475	326,705
Ilinge Lethu Centre	-	8,000
Junior Council	5,719	6,950
Sihlange Projects: Mayor Fund Ward 6	-	3,000
Spatial Development Plan	308,756	308,755
Total Conditional Grants and Receipts	11,534,086	9,082,730

See Note 28 for reconciliation of grants by other spheres of government.

11. VAT**VAT payable**

-	-
---	---

VAT is accounted for on the receipts basis. Only once payment has been received from debtors is VAT paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest, for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009**12. FINANCE LEASE PAYABLES****The Municipality as lessee*****Leasing arrangements:***

Capitalised Lease Liabilities relate to office equipment with lease terms of five years (2008: five years). The effective interest rate on finance leases is between 13.97 % and 21.53 % (2008: 14.73 % and 21.53 %). Capitalised lease liabilities are secured over the items of office equipment leased.

The obligations under finance leases are scheduled below:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2009	2008	2009	2008
	R	R	R	R
Amounts payable under finance leases				
Within one year	454,585	378,207	294,362	218,977
1 to 5 years	1,080,653	1,208,082	893,713	955,177
More than 5 years	-	-	-	-
	1,535,238	1,586,289	1,188,075	1,174,154
Less: Future finance charges	(347,163)	(412,135)		
Present Value of Lease obligations (see note 4)	1,188,075	1,174,154	1,188,075	1,174,154
Less amounts due for settlement within 12 months (current portion)			(294,362)	(218,977)
Amounts due for settlement after 12 months (non-current)			893,713	955,177

The management of the municipality is of the opinion that the carrying value of Finance Leases approximate their fair values.

The municipality has finance lease agreements for the following significant classes of assets:

- Office Equipment

Included in these classes are the following significant leases:

(i) Siemens High Path Pabx

- Instalments are payable monthly in advance
- Average period outstanding 30 months
- Average effective interest rate 14.74 %
- Average monthly instalment 8,936

(ii) Bizhub 750/FS-505 Copier

- Instalments are payable monthly in advance
- Average period outstanding 43 months
- Average effective interest rate 13.97 %
- Average monthly instalment 5,699

(iii) Bizhub 160F Copier

- Instalments are payable monthly in advance
- Average period outstanding 49 months
- Average effective interest rate 15.40 %
- Average monthly instalment 6,379

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

2009	2008
R	R

13. OPERATING LEASES**The Municipality as lessee*****Leasing arrangements:***

Operating leases relate to Buildings, Computer and other equipment with lease terms of between one to five years. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

At the reporting date the municipality had outstanding commitments under non-cancellable operating leases, which fall due as follows:

Buildings	352,358	109,456
Up to 1 year	147,392	108,449
1 to 5 years	204,966	1,007
More than 5 years	-	-
Computer and other equipment	360,274	617,648
Up to 1 year	142,938	249,249
1 to 5 years	217,336	368,399
More than 5 years	-	-
Total Operating Lease Commitments	712,632	727,104
The following payments have been recognised as an expense in the Statement of Financial Performance:		
Minimum lease payments	390,240	900,503
Total Operating Lease Expenses - as Lessee	390,240	900,503

Operating leases are recognized on the straight-line basis as per the requirement of GRAP 13. In respect of non-cancellable Operating Leases the following asset/(liability) has been recognised:

Accrual as at 30 June

Operating lease payments effected	392,401	911,403
Operating expenses recorded	(390,240)	(900,503)
Total Operating Lease Assets/(Liabilities)	2,161	10,900

The municipality has operating lease agreements for the following classes of assets, which are only significant collectively:

- Office Equipment
- Vehicles

No restrictions have been imposed on the Municipality in terms of the operating lease agreements.

The Municipality as Lessor:***Leasing arrangements:***

Operating Leases relate to Investment Property owned by the municipality with lease terms of between 5 to 10 years. The lessee does not have an option to purchase the property at the expiry of the lease period.

At the reporting date the following lease receipts were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	159,910	124,198
1 to 5 years	352,448	369,823
More than 5 years	33,330	98,137
	545,688	592,158

This impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has been a increase in current year income of R 5,943.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	R	R

13.. OPERATING LEASES (continued)

Operating leases are recognized on the straight-line basis as per the requirement of GRAP 13. In respect of non-cancellable Operating Leases the following asset/(liability) has been recognised:

Accrual as at 30 June

Operating lease payments received	(462,486)	(179,615)
Operating income recorded	468,429	141,149
Total Operating Lease Assets/(Liabilities)	5,943	(38,466)

No restrictions have been imposed on the Municipality in terms of the lease agreements.

14. PROPERTY, PLANT AND EQUIPMENT**30 June 2009**

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Heritage	Total carried forward
R	R	R	R	R	R
Carrying values at 1 July 2008	69,249,759	186,859,136	13,331,941	132,993	269,573,829
Cost	105,447,683	956,611,443	29,406,136	586,266	1,092,051,528
Correction of error (Note 37)	-	(280,913)	(399,553)	-	(680,466)
Accumulated depreciation and Impairment	(36,197,924)	(769,471,394)	(15,674,642)	(453,273)	(821,797,233)
- Cost	(36,197,924)	(769,476,709)	(15,689,928)	(453,273)	(821,817,834)
- Correction of error (Note 37)	-	5,315	15,286	-	20,601
Acquisitions	1,207,755	28,347,155	-	-	29,554,910
Capital under Construction	3,390	16,342,069	-	-	16,345,459
Borrowing costs Capitalised					
Depreciation	(1,089,077)	(12,605,582)	(919,927)	(10,109)	(14,624,695)
- based on cost	(1,089,077)	(12,605,582)	(919,927)	(10,109)	(14,624,695)
Carrying value of disposals	(239,000)	-	-	-	(239,000)
Cost	(239,000)	-	-	-	(239,000)
Accumulated depreciation	-	-	-	-	-
Impairment losses	-	-	-	-	-
Transferred to disposal group classified as held for sale	-	-	-	-	-
Other movements	-	-	-	-	-
Carrying values at 30 June 2009	69,132,827	218,942,778	12,412,014	122,884	300,610,503
Cost	106,419,828	1,001,019,754	29,006,582	586,266	1,137,032,430
Correction of error (Note 37)	-	-	-	-	-
Accumulated depreciation and Impairment	(37,287,001)	(782,076,976)	(16,594,568)	(463,382)	(836,421,927)
- Cost	(37,287,001)	(782,076,976)	(16,594,568)	(463,382)	(836,421,927)
- Correction of error (Note 37)	-	-	-	-	-

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009**14. PROPERTY, PLANT AND EQUIPMENT (continued)**

30 June 2009

Reconciliation of Carrying Value	Total brought forward	Other	Housing Development Fund	Leased Assets	Total
	R	R	R	R	R
Carrying values at 1 July 2008	269,573,829	21,702,748	736,019	960,449	292,973,045
Cost	1,092,051,528	39,376,320	1,613,177	1,165,196	1,134,206,221
Correction of error (Note 37)	(680,466)	-	(25,912)	-	(706,378)
Accumulated depreciation and Impairment	(821,797,233)	(17,673,572)	(851,246)	(204,747)	(840,526,798)
- Cost	(821,817,834)	(17,673,572)	(854,701)	(204,747)	(840,550,854)
- Correction of error (Note 37)	20,601	-	3,455	-	24,056
Acquisitions	29,554,910	5,431,948	-	289,997	35,276,855
Capital under Construction	16,345,459	-	-	-	16,345,459
Borrowing costs Capitalised					
Depreciation	(14,624,695)	(3,595,513)	(66,626)	(248,643)	(18,535,477)
- based on cost	(14,624,695)	(3,595,513)	(66,626)	(248,643)	(18,535,477)
Carrying value of disposals	(239,000)	(90,699)	-	(45,066)	(374,765)
Cost	(239,000)	(388,159)	-	(64,253)	(691,412)
Accumulated depreciation	-	297,460	-	19,187	316,647
Impairment losses	-	-	-	-	-
Transferred to disposal group classified as held for sale					
Other movements	-	-	-	-	-
Carrying values at 30 June 2009	300,610,503	23,448,484	669,393	956,737	325,685,117
Cost	1,137,032,430	44,420,109	1,587,265	1,390,940	1,184,430,744
Correction of error (Note 37)	-	-	-	-	-
Accumulated depreciation and Impairment	(836,421,927)	(20,971,625)	(917,872)	(434,203)	(858,745,627)
- Cost	(836,421,927)	(20,971,625)	(917,872)	(434,203)	(858,745,627)
- Correction of error (Note 37)	-	-	-	-	-

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009**14. PROPERTY, PLANT AND EQUIPMENT (Continued)**

30 June 2008

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Heritage	Total carried forward
R	R	R	R	R	R
Carrying values at 1 July 2007	68,098,908	147,959,709	14,237,440	143,102	230,439,159
Cost	103,524,742	906,818,032	28,992,334	586,266	1,039,921,374
Correction of error (Note 37)	-	-	-	-	-
Accumulated depreciation and Impairment	(35,425,834)	(758,858,323)	(14,754,894)	(443,164)	(809,482,215)
- Cost	(35,425,834)	(758,858,323)	(14,754,894)	(443,164)	(809,482,215)
- Correction of error (Note 37)	-	-	-	-	-
Acquisitions	2,382,941	28,763,689	173,695	-	31,320,325
Capital under Construction	-	21,138,572	240,107	-	21,378,679
Borrowing costs Capitalised	-	-	-	-	-
Depreciation	(933,423)	(10,690,953)	(935,034)	(10,109)	(12,569,519)
- based on cost	(933,423)	(10,690,953)	(935,034)	(10,109)	(12,569,519)
Carrying value of disposals	(298,667)	(36,283)	-	-	(334,950)
Cost	(460,000)	(108,851)	-	-	(568,851)
Accumulated depreciation	161,333	72,568	-	-	233,901
Impairment losses	-	-	-	-	-
Transferred to disposal group classified as held for sale	-	-	-	-	-
Other movements	-	-	-	-	-
Carrying values at 30 June 2008	69,249,759	186,859,136	13,331,941	132,993	269,573,829
Cost	105,447,683	956,611,443	29,406,136	586,266	1,092,051,528
Correction of error (Note 37)	-	(280,913)	(399,553)	-	(680,466)
Accumulated depreciation and Impairment	(36,197,924)	(769,471,394)	(15,674,642)	(453,273)	(821,797,233)
- Cost	(36,197,924)	(769,476,709)	(15,689,928)	(453,273)	(821,817,834)
- Correction of error (Note 37)	-	5,315	15,286	-	20,601

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009**14. PROPERTY, PLANT AND EQUIPMENT (Continued)**

30 June 2008

Reconciliation of Carrying Value	Total brought forward	Other	Housing Development Fund	Leased Assets	Total
R	R	R	R	R	R
Carrying values at 1 July 2007	230,439,159	15,281,914	825,966	368,981	246,916,020
Cost	1,039,921,374	30,361,388	1,613,177	415,462	1,072,311,401
Correction of error (Note 37)	-	-	-	-	-
Accumulated depreciation and Impairment	(809,482,215)	(15,079,474)	(787,211)	(46,481)	(825,395,381)
- Cost	(809,482,215)	(15,079,474)	(787,211)	(46,481)	(825,395,381)
- Correction of error (Note 37)	-	-	-	-	-
Acquisitions	31,320,325	9,160,615	-	749,734	41,230,674
Capital under Construction	21,378,679	-	-	-	21,378,679
Borrowing costs Capitalised					
Depreciation	(12,569,519)	(2,696,076)	(67,490)	(158,266)	(15,491,351)
- based on cost	(12,569,519)	(2,696,076)	(67,490)	(158,266)	(15,491,351)
Carrying value of disposals	(334,950)	(43,705)	-	-	(378,655)
Cost/revaluation	(568,851)	(145,683)	-	-	(714,534)
Accumulated depreciation	233,901	101,978	-	-	335,879
Impairment losses	-	-	-	-	-
Transferred to disposal group classified as held for sale					
Other movements	-	-	-	-	-
Carrying values at 30 June 2008	269,573,829	21,702,748	736,019	960,449	292,973,045
Cost	1,092,051,528	39,376,320	1,613,177	1,165,196	1,134,206,221
Correction of error (Note 37)	(680,466)	-	(25,912)	-	(706,378)
Accumulated depreciation and Impairment	(821,797,233)	(17,673,572)	(851,246)	(204,747)	(840,526,798)
- Cost	(821,817,834)	(17,673,572)	(854,701)	(204,747)	(840,550,854)
- Correction of error (Note 37)	20,601	-	3,455	-	24,056

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

The Municipality has taken advantage of the transitional provision in paragraph 78 of GRAP 17, as set out in Directive 4, which allows entities a period of up to 3 years from the date of initial adoption of GRAP 17 to comply in full with its measurement requirements. The municipality aim to fully comply with GRAP 17 by 30 June 2011.

In terms of the transitional provisions of Directive 4, the municipality currently measures its Infrastructure Assets, Land and Buildings Community Assets, Heritage Assets, Housing Rental stock and Other Assets at historical global amounts, or in cases where no cost prices are available, at provisional amounts. During the transitional period the municipality has already finalised a process of componentisation of assets that were recorded at global amounts and not initially measured and recorded in the significant components making up the assets. Where sufficient historical data on assets, relating to initial cost prices, are not available to the municipality, the municipality still have to measure its assets at a deemed cost which represents fair value or depreciated replacement cost at the date the asset was acquired, if the acquisition date is known; or the fair value or depreciated replacement cost of the asset determined at the earliest date for which the municipality first prepared financial statements that complied with Standards of GRAP, i.e. 1 July 2007, if the asset's acquisition date is unknown.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009**15. INTANGIBLE ASSETS**

30 June 2009

Reconciliation of Carrying Value	Software Licenses R	Website Development R
Carrying values at 1 July 2008	-	37,279
- Cost	-	69,704
Accumulated Amortisation and Impairment	-	(32,425)
- Cost	-	(32,425)
Acquisitions		
Purchased	73,793	-
Borrowing Costs Capitalised	-	-
Other movements	-	21,522
Amortisation	(6,354)	(12,085)
- based on Cost	(6,354)	(12,085)
Carrying values at 30 June 2009	67,439	46,716
- Cost	73,793	69,704
Accumulated depreciation	(6,354)	(22,988)
- Cost	(6,354)	(22,988)

30 June 2008

Reconciliation of Carrying Value	Software Licenses R	Website Development R
Carrying values at 1 July 2007	-	30,693
Cost	-	51,154
Correction of error (Note 37)	-	-
Accumulated Amortisation and Impairment	-	(20,461)
- Cost	-	(20,461)
- Correction of error (Note 37)	-	-
Acquisitions		
Purchased	-	18,550
Borrowing Costs Capitalised	-	-
Amortisation	-	(11,964)
- based on Cost	-	(11,964)
Carrying values at 30 June 2008	-	37,279
- Cost	-	69,704
- Correction of error (Note 37)	-	-
Accumulated depreciation	-	(32,425)
- Cost	-	(32,425)
- Correction of error (Note 37)	-	-

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	R	R

15. INTANGIBLE ASSETS (continued)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 31).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to the intangible assets.

16. INVESTMENT PROPERTY

At cost less accumulated depreciation	24,645,091	23,801,779
---------------------------------------	-------------------	-------------------

The movement in investment properties is reconciled as follows:

Carrying value at the beginning of the year	23,801,779	24,655,159
Cost	29,841,074	30,643,604
Accumulated depreciation	(6,039,295)	(5,988,445)
Accumulated Impairment Losses	-	-
	-	-
Additions to existing investment properties	-	-
Transfer to Inventory (Grap 16.65 and 16.70)	(146,370)	(802,530)
Depreciation	(50,850)	(50,850)
Impairment losses	-	-
Other Movements	1,040,532	-
Carrying value at the end of the year	24,645,091	23,801,779
Cost	29,694,704	29,841,074
Accumulated depreciation	(5,049,613)	(6,039,295)
Accumulated Impairment Losses	-	-
Correction of error (Note 37)		
Cost	-	-
Accumulated Amortisation	-	-

The following is included in the net surplus/(deficit)

Rental revenue earned from Investment Properties	285,190	207,309
Direct Operating expenses - incurred to generate rental revenue	226,986	67,716
Direct Operating expenses - incurred which did not generate rental revenue	898,840	814,331

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property.

Fair Value of investment properties.

The fair value of investment properties is estimated at R 82,884,400 which is based on a valuation by an independent valuer who holds a recognised and relevant qualification. The determination of fair value is supported by market evidence.

17. LONG-TERM RECEIVABLES**Restated*****Nether past due nor impaired***

Car loans	47,860	105,083
Loans to Public Organisations	285,358	293,484
	333,218	398,567

Less : Current portion transferred to current receivables

	56,891	65,017
Car loans	47,860	57,223
Loans to Public Organisations	9,031	7,794

Total	276,327	333,550
--------------	----------------	----------------

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
--	-----------	-----------

17.. LONG-TERM RECEIVABLES (continued)***LOANS TO PUBLIC ORGANISATIONS***

Under the previous dispensation loans raised at an interest rate of one percent per annum repayable over a period of forty years, were granted by the State to the Municipality who in turn, made the said loans available to Public Organisations for the purpose of providing housing to indigent old age persons. The Municipality merely acted as an intermediater between the State and such Organisations. The outstanding balances of these loans were subsequently written off by the State whilst the annual instalment, still recoverable from the various Organisations, are credited to the Housing Fund. Loans are repaid over periods of thirty to forty years and at interest rates varying from one to eleven point two five percent per annum. (See note 2)

Management of the municipality is of the opinion that the carrying value of Long- Term Receivables recorded at amortised cost in the financial statements approximate their fair values.

CAR LOANS

Prior to the coming into effect of the provisions of section 164(1)(c) of the MFMA (Act 56 of 2003) on 1 July 2004, loans were granted to qualifying senior staff members to enable them to acquire a motor vehicle. The vehicle must be made available daily by the staff member for his use in the carrying out of his official duties. The repayment period of these loans and the applicable interest rate is a maximum of six years and eight percent per annum, respectively.

The fair value of Long- Term Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipality's debtors.

Long- term receivables are neither past due nor impaired as management have no concerns over the credit quality of these assets.

18. FINANCE LEASE RECEIVABLES

Housing selling scheme loans	433,063	900,971
	433,063	900,971
Less : Current portion transferred to current receivables	74,069	162,672
Housing selling scheme loans	74,069	162,672
Total	358,994	738,299

HOUSING SELLING SCHEME LOANS

Loans were granted to the tenants of low cost housing erected by the Municipality with funds provided by the State, in order to enable them to purchase the houses they previously rent from the Municipality. Loans are repaid over a period of twenty years and at an interest rate of thirteen point five percent per annum. The instalments of interest and redemption recoverable from the purchasers are credited to the Housing Fund. (See note 2)

18. 1 Leasing Arrangements

The municipality entered into finance Leasing Arrangements for house selling scheme loans. The average term of Finance Leases entered into is between six and twenty years.

18. 2 Amounts receivable under finance leases

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2009 R	2008 R	2009 R	2008 R
Within one year	130,332	279,211	74,069	162,672
In the second to fifth year inclusive	413,974	641,171	134,586	366,251
Over five years	394,821	685,659	224,408	372,048
	939,127	1,606,041	433,063	900,971
Less: Unearned Finance Income	(506,064)	(705,070)		
Total Finance Lease Receivables	433,063	900,971	433,063	900,971

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009**18. FINANCE LEASE RECEIVABLES (continued)***18. 3 Amounts receivable under finance leases (continued)*

	2009	2008
	R	R
Included in the Annual Financial Statements as:		
Current Finance lease receivables	74,069	162,672
Non-Current Finance lease receivables	358,994	738,299
	433,063	900,971

The interest rate inherent to the leases are fixed at the contract date over the entire lease term. The average effective interest rate contracted is 13.50 % (2008: 13.50 %) per annum.

Management of the municipality is of the opinion that the carrying value of financial lease receivables recorded at amortised cost in the financial statements approximate their fair values.

The fair value of Finance Lease Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipalities debtors.

19. INVENTORY**Restated**

Consumable stores - at cost	1,793,363	3,054,499
Franking Machine	13,815	-
Stationery - at cost	171,488	237,225
SMS Bundles	1,245	-
Water - at cost	91,438	83,346
Unsold properties held for resale - at cost	2,041,564	4,213,417
Total Inventory	4,112,913	7,588,487

The cost of inventories (excluding land inventories) recognised as expense and included in "General Expenses" amounted to R 2,639,093 (2008: R 2,360,449). The cost of land inventories expensed has been separately disclosed on the Statement of Financial Performance.

Inventory to the amount of R 121,052 (2008: R 516,908) was written-down and included in "General Expenses".

20. CONSUMER DEBTORS**As at 30 June 2009**

	Gross Balances	Collective Provision for Impairment	Net Balances
Service debtors	27,942,423	2,983,134	24,959,289
Rates	6,780,438	1,101,215	5,679,223
Electricity	11,921,504	381,214	11,540,290
Water	3,968,667	474,291	3,494,376
Sewerage	2,923,748	542,157	2,381,591
Refuse Removal	2,348,066	484,257	1,863,809
Housing rentals	194,064	139,480	54,584
Total	28,136,487	3,122,614	25,013,873

As at 30 June 2008
Restated

	Gross Balances	Collective Provision for Impairment	Net Balances
Service debtors	22,739,791	3,023,214	19,716,577
Rates	5,744,969	1,154,041	4,590,928
Electricity	9,158,358	669,802	8,488,556
Water	3,280,018	365,553	2,914,465
Sewerage	2,597,576	447,716	2,149,860
Refuse Removal	1,958,870	386,102	1,572,768
Housing rentals	223,010	155,289	67,721
Total	22,962,801	3,178,503	19,784,298

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009**20. CONSUMER DEBTORS (continued)****2009
R****2008
R**

The average credit period for consumer debtors is 30 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at prime plus one per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of the consumer debtors.

Management of the municipality is of the opinion that the carrying value of Consumer Debtors approximate their fair values. The fair value of Consumer Debtors were determined after considering the standard terms and conditions of agreements entered into between the municipality and consumer debtors as well as the current payment ratio's of the municipalities consumer debtors.

Comparative year has been restated due to the correction of an error or accounting policy (refer to note 37).

20.1 Ageing of Consumer Debtors**Rates: Ageing**

Current (0 - 30 days)	3,071,583	2,672,036
<u>Past Due</u>		
31 - 60 Days	786,509	606,359
61 - 90 Days	208,918	189,777
91 - 120 Days	155,547	139,491
121 - 150 Days	80,738	104,164
151 - 180 Days	93,318	62,877
181 - 365 Days	1,779,333	1,366,218
366 Days - 2 Years	179,264	283,448
2 - 3 Years	128,748	255,371
+ 3 Years	296,480	65,228
Total	6,780,438	5,744,969

(Electricity, Water, Sewerage and Refuse Removal): Ageing

Current (0 - 30 days)	14,327,566	11,487,908
<u>Past Due</u>		
31 - 60 Days	1,990,854	1,659,275
61 - 90 Days	423,551	388,678
91 - 120 Days	308,994	238,677
121 - 150 Days	295,957	199,990
151 - 180 Days	245,152	164,997
181 - 365 Days	2,261,295	1,614,012
366 Days - 2 Years	619,550	449,719
2 - 3 Years	190,882	196,497
+ 3 Years	498,184	595,069
Total	21,161,985	16,994,822

Housing rentals: Ageing

Current (0 - 30 days)	34,987	43,924
<u>Past Due</u>		
31 - 60 Days	16,263	20,761
61 - 90 Days	3,335	4,571
91 - 120 Days	2,997	3,540
121 - 150 Days	2,403	3,188
151 - 180 Days	12,535	3,370
181 - 365 Days	40,299	54,384
366 Days - 2 Years	27,371	11,235
2 - 3 Years	8,382	14,920
+ 3 Years	45,493	63,117
Total	194,065	223,010

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009**20. CONSUMER DEBTORS (continued)****20. 2 Summary of Debtors by Customer Classification**

	<u>Consumers</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
	R	R	R
30th June 2009			
Current (0 - 30 days)	12,869,023	4,051,363	513,749
<u>Past Due</u>			
31 - 60 Days	2,130,062	585,235	78,329
61 - 90 Days	537,870	37,507	60,428
91 - 120 Days	439,555	15,787	12,197
121 - 150 Days	354,821	12,394	11,882
151 - 180 Days	333,155	8,500	9,349
181 - 365 Days	3,832,047	153,537	95,344
366 Days - 2 Years	736,617	68,575	20,991
2 - 3 Years	288,426	21,019	18,566
+ 3 Years	765,247	60,538	14,374
Sub-total	22,286,823	5,014,455	835,209
Less: Collective Provision for Impairment	(2,706,609)	(416,005)	-
Total debtors by customer classification	19,580,214	4,598,450	835,209
30th June 2008			
Current (0 - 30 days)	10,336,795	3,386,173	480,901
Restated			
<u>Past Due</u>			
31 - 60 Days	1,845,929	401,673	38,794
61 - 90 Days	557,658	17,463	7,905
91 - 120 Days	361,041	15,905	4,762
121 - 150 Days	294,940	7,957	4,445
151 - 180 Days	219,702	7,790	3,751
181 - 365 Days	2,723,732	104,803	98,867
366 Days - 2 Years	679,524	31,609	33,269
2 - 3 Years	530,901	14,817	28,281
+ 3 Years	651,059	58,311	14,044
Sub-total	18,201,281	4,046,501	715,019
Less: Collective Provision for Impairment	(2,658,529)	(519,974)	-
Total consumer debtors by customer classification	15,542,752	3,526,527	715,019

Comparative year has been restated due to the correction of an error or accounting policy (refer to note 37).

	2009	2008
	R	R
		Restated
At 30 June 2009 consumer debtors of R 7,579,737 (2008: R 5,580,430) were past due but not impaired. The age analysis of these consumer debtors are as follows:		
31 - 60 Days	2,793,625	2,286,396
61 - 90 Days	635,804	583,026
91 - 120 Days	467,537	381,707
121 - 150 Days	379,098	307,342
151 - 180 Days	351,005	231,244
181 - 365 Days	2,952,668	1,790,715
Total	7,579,737	5,580,430

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
20. CONSUMER DEBTORS (continued)		
<i>20.3 Reconciliation of Collective Provision for Impairment on Consumer debtors</i>		
Balance at beginning of the year	3,178,503	2,830,226
Contribution to Provision	818,453	1,131,495
Bad debts written off against provision	(874,342)	(783,218)
Reversal of provision		-
Balance at end of year	3,122,614	3,178,503
21. OTHER DEBTORS		Restated
Payments made in advance	352,359	308,469
Insurance claims	26,726	11,463
Government grants and subsidies (Past due and not impaired)	32,387	1,649,941
Provincial health subsidies	-	3,097
Proclaimed roads subsidies	-	-
Sub Total	411,472	1,972,970
Sundry debtors	3,090,380	3,581,123
Less: Collective Provision for Impairment	(917,676)	(846,362)
Sub Total	2,172,704	2,734,761
Total Other Debtors	2,584,176	4,707,731
<i><u>Ageing</u></i>		
Current (0 - 30 days)	2,066,809	2,592,511
<i><u>Past Due</u></i>		
31 - 60 Days	135,513	78,825
61 - 90 Days	49,022	46,688
91 - 120 Days	46,395	44,439
121 - 150 Days	37,869	51,499
151 - 180 Days	45,491	29,701
181 - 365 Days	411,447	374,041
366 Days - 2 Years	118,204	110,038
2 - 3 Years	63,563	83,472
+ 3 Years	116,067	169,909
Total	3,090,380	3,581,123
At 30 June 2009 consumer debtors of R 105,895 (2008: R 142,250) were past due but not impaired. The age analysis of these consumer debtors are as follows:		
31 - 60 Days	105,895	78,825
61 - 90 Days	-	46,688
91 - 120 Days	-	16,737
Total	105,895	142,250
<i><u>Reconciliation of Collective Provision for Impairment on Other debtors</u></i>		
Balance at beginning of the year	846,362	504,109
Contributions to provision	180,804	409,142
Bad debts written off against provision	(109,490)	(66,889)
Reversal of provision	-	-
Balance at end of year	917,676	846,362

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	R	R

21.. OTHER DEBTORS (continued)

In determining the recoverability of a Consumer Debtor, the municipality considers any change in the credit quality of the Consumer Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

The provision for impairment was calculated after grouping all the financial assets of similar nature and risk ratings and by calculating the historical payment ratios for the groupings and by assuming that the future payment ratios would be similar to the historical payment ratios.

The claims instituted against the municipality's insurance company are supported by valid insurance claims that are claimable in terms of the insurance contract entered into by the municipality. The average waiting period depends on the nature of the claim. No interest is charged on outstanding insurance claims.

The average credit period for government grants and subsidies is dependant on the Government Department involved and the nature of claim. No interest is charged on outstanding government grants and subsidies. The subsidies are payable to the municipality per allocations made in the Division of Revenue Act or based on agreements between the municipality and the relevant departments. Government grants and Subsidies receivable are past due and not impaired as management have no concerns over the credit quality of these assets

The average credit period for other debtors is 30 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at prime plus one per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of the other debtors.

Management of the municipality is of the opinion that the carrying value of Other Debtors approximate their fair values.

The fair value of Other Debtors were determined after considering the standard terms and conditions of agreements entered into between the municipality and National/Provincial Departments as well as other sundry debtors. The payment ratios of other debtors were also taken into account for fair value determination.

The provision for impairment on Other Debtors (loans and receivables) exists predominantly due to the possibility that these debts will not be recovered. Loans and receivables were grouped together at the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment.

The total amount of the provision for impairment created is R 4,040,290 (2008: 4,024,865) and the following loans and receivables are included

Consumer Debtors		
Sundry Debtors	3,122,614	3,178,503
	917,676	846,362
Total Allowance for Doubtful Debts on Other Debtors	4,040,290	4,024,865

22. VAT**Restated**

VAT receivable	3,031,112	1,068,340
-----------------------	------------------	------------------

VAT is accounted for on the receipts basis. Only once payment has been received from debtors is VAT paid over to SARS.

23. PROPERTY RATES**Income****Restated****Actual**

Residential, Commercial, Industrial, Rural and Other	46,409,804	40,445,769
State	1,615,007	1,117,168
Municipal	-	1,628,015
Total Assessment Rates	48,024,811	43,190,952

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009**23.. PROPERTY RATES (continued)****Valuations****Actual**

	July 2009	July 2008
Residential, Commercial, Industrial, Rural and Other	12,968,124,184	4,248,913,394
State	334,576,000	142,124,000
Municipal	-	124,731,000
	13,302,700,184	4,515,768,394

Assessment Rates are levied on the value of land and improvements, less R 15 000 for residential properties, which valuation must be performed every four years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations, consolidations and subdivisions. The last valuation came into effect on 1 July 2008.

Uniform rates of 0,49 (2007/2008: 1.31 c/R) cent in the Rand on land and building valuations were applied to determine assessment rates. A rebate of 40,00 % (2007/2008: 40,00%) was allowed on residential properties for pensioners based on the annual income of the ratepayer whilst a discount of 75 % (2007/2008: 75 %) was granted on properties owned by residence of Jakkalsfontein and Grotto Bay as well as on agricultural land.

Rates are levied annually on property owners. Owners are allowed to pay the annual assessment in 12 monthly instalments, which are payable the last of day of the month. Interest is levied at the prime rate plus 1% on outstanding rates amounts.

	2009 R	2008 R
24. SERVICE CHARGES INCOME		
Sale of electricity	80,935,220	65,711,074
Sale of water	21,508,770	19,391,389
Refuse removal	12,288,191	10,455,921
Sewerage and sanitation charges	15,750,371	14,134,041
Total Service Charges	130,482,552	109,692,425

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

25. INTEREST EARNED**Restated****External Investments:**

Bank Account	1,378,755	1,186,832
Interest earned other	16,948,723	11,681,564
	18,327,478	12,868,396

Outstanding Debtors:

Rates	460,928	399,812
Long-term Receivables	20,151	46,075
Consumer Debtors	820,162	715,395
Other Debtors	110,566	90,033
	1,411,807	1,251,315

Total Interest Earned

19,739,285	14,119,711
-------------------	-------------------

Interest Earned on Financial Assets, analysed by category of asset, is as follows:

		Restated
Available-for-Sale Financial Assets	-	-
Loans and Receivables	19,739,285	14,119,711
	19,739,285	14,119,711

Interest Earned on Non-financial Assets

-	-
---	---

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R Restated
26. RENTAL OF FACILITIES AND EQUIPMENT		
Rental Revenue from Buildings	283,686	187,952
Rental Revenue from Halls	180,781	162,341
Rental Revenue from Other facilities	1,499,453	1,304,719
Total Rental of Facilities and Equipment	1,963,920	1,655,012

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

27. GOVERNMENT GRANTS AND SUBSIDIES		Restated
Abbotsdale Housing Project	108,358	-
Cleanest Town	42,973	92,954
Community Development: Workers	49,743	23,772
Darling Pedestrian Route	601,982	-
Disaster Fund	147,525	3,104,262
Electricity Riebeek Kasteel/Kalbaskraal	435,975	-
Financial Management Grant	555,830	737,655
Housing Consumer Education Grant	9,337	51,868
Housing: Darling	15,896,118	-
Housing Project : Chatsworth - Transfer Fees	35,696	64,304
Housing: Riebeek Kasteel	1,133,976	1,075,350
Ilinge Lethu Advisory Centre	170,769	178,533
Ilinge Lethu Centre	111,934	127,528
Ilinge Lethu Housing Project	18,254	-
Kalbaskraal Housing Project	75,458	-
Kalbaskraal Housing Project (2)	1,019,078	-
Libraries	460,879	286,427
Malmesbury Saamstaan Housing Project	49,141	1,286
Masibambani: Services	88,000	334,019
Masterplanning: Sewerage and Stormwater	42,000	100,000
Municipal Infrastructure Grant	5,769,838	3,055,556
Municipal Systems Improvement Grant	807,145	319,998
Goedverwacht Sportgrounds	9,350	490,650
Project Preparation Grant	62,000	-
Riebeek Kasteel Extension 3 Housing Project	95,194	-
Riebeek Kasteel: Non Motorised Transport	57,214	-
Riebeek Wes Koinonia Housing Project	173,641	-
Riverlands/Chatsworth Sport	243,715	6,285
Soup Kitchen	15,000	7,878
Spatial Development Framework	22,926	394,131
Upgrading: Polla Park	1,044,918	4,400,164
Vuna Award	105,448	304,188
Proclaimed Roads Subsidies	136,000	132,000
Total Government Grant and Subsidies	29,595,415	15,288,808

27. 1 Abbotsdale Housing Project

Balance unspent at beginning of year	114,108	114,108
Current year receipts	-	-
Conditions met - transferred to revenue	(108,358)	-
Conditions met - transferred to sale of land	(5,750)	-
Conditions still to be met transferred to liabilities (see note 10)	-	114,108

The various projects, financed with funds provided by the Department of Housing of the PAWC have all been finalized. Advice is awaited from the Department as to the disposal of the surplus monies still on hand.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R Restated
27. GOVERNMENT GRANTS AND SUBSIDIES (continued)		
27. 2 <i>Cleanest Town</i>		
Balance unspent at beginning of year	110,517	83,471
Current year receipts	60,000	120,000
Conditions met - transferred to revenue	(42,973)	(92,954)
Conditions still to be met transferred to liabilities (see note 10)	127,544	110,517
Prize money for winning the national cleanest town competition.		
27. 3 <i>Community Development: Workers</i>		
Balance unspent at beginning of year	36,508	24,280
Current year receipts	48,000	36,000
Conditions met - transferred to revenue	(49,743)	(23,772)
Conditions still to be met transferred to liabilities (see note 10)	34,765	36,508
Funds made available for sundry expenditure and stationery for workers, under the control of the Municipality but remunerated by PAWC.		
27. 4 <i>Darling Pedestrian Route</i>		
Balance unspent at beginning of year	601,982	61,982
Current year receipts	-	540,000
Conditions met - transferred to revenue	(601,982)	-
Conditions still to be met transferred to liabilities (see note 10)	-	601,982
Funds provided and partly expended on the construction of a pedestrian walk way in Darling East.		
27. 5 <i>Database Performance Managent</i>		
Balance unspent at beginning of year	-	-
Current year receipts	56,000	-
Conditions met - transferred to revenue	-	-
Conditions still to be met transferred to liabilities (see note 10)	56,000	-
Funds provided for the development of a performance management database.		
27. 6 <i>Disaster Fund</i>		
Balance unspent at beginning of year	-	-
Current year receipts	1,871,461	2,089,549
Conditions met - transferred to revenue	(147,525)	(3,104,262)
Conditions met - included in debtors	-	1,014,713
Conditions still to be met transferred to liabilities (see note 10)	1,723,936	-
Funds provided and partly expended on flood damage in Moorreesburg and Chatsworth.		
27. 7 <i>Electricity Riebeek Kasteel/Kalbaskraal</i>		
Balance unspent at beginning of year	435,975	435,975
Current year receipts	-	-
Conditions met - transferred to revenue	(435,975)	-
Conditions still to be met transferred to liabilities (see note 10)	-	435,975
Funds, administered by the Municipality on behalf of Eskom, in respect of the electrification component of low cost housing projects undertaken.		

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
27. GOVERNMENT GRANTS AND SUBSIDIES (continued)		
27. 8 <i>Financial Management Grant</i>		
Balance unspent at beginning of year	24,271	511,926
Current year receipts	500,000	250,000
Conditions met - transferred to revenue	(555,830)	(737,655)
Conditions met - included in debtors	31,559	
Conditions still to be met transferred to liabilities (see note 10)	-	24,271
The purpose of the grant is to enable the Municipality to modernise and improve its financial management activities entailing, among others,		
27. 9 <i>Housing Consumer Education Grant</i>		
Balance unspent at beginning of year	3,132	-
Current year receipts	70,000	55,000
Conditions met - transferred to revenue	(9,337)	(51,868)
Conditions still to be met transferred to liabilities (see note 10)	63,795	3,132
Funds allocated for educating first time homeowners.		
27. 10 <i>Housing: Darling</i>		
Balance unspent at beginning of year	2,820,545	-
Current year receipts	19,703,742	2,820,545
Conditions met - transferred to revenue	(15,896,118)	-
Conditions still to be met transferred to liabilities (see note 10)	6,628,169	2,820,545
Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.		
27. 11 <i>Housing Project: Chatsworth (Transfer fees)</i>		
Balance unspent at beginning of year	35,696	-
Current year receipts	-	100,000
Conditions met - transferred to revenue	(35,696)	(64,304)
Conditions still to be met transferred to liabilities (see note 10)	-	35,696
Funds were provided to fund transfer and surveying cost payable for the exchange of land acquired for low cost housing.		
27. 12 <i>Housing Riebeeck Kasteel</i>		
Balance unspent at beginning of year	1,133,976	265,337
Current year receipts	-	1,943,989
Conditions met - transferred to revenue	(1,133,976)	(1,075,350)
Conditions still to be met transferred to liabilities (see note 10)	-	1,133,976
The various projects, financed with funds provided by the Department of Housing of the PAWC have all been finalized. Advice is awaited from the Department as to the disposal of the surplus monies still on hand.		
27. 13 <i>Ilinge Lethu Advisory Centre</i>		
Balance unspent at beginning of year	60,025	98,558
Current year receipts	250,000	140,000
Conditions met - transferred to revenue	(170,769)	(178,533)
Conditions still to be met transferred to liabilities (see note 10)	139,256	60,025

Funds provided to the Municipality to finance the cost of the transformation of the existing inadequate facility serving the township into a suitable community centre.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
27. GOVERNMENT GRANTS AND SUBSIDIES (continued)		
27. 14 Ilinge Lethu Multipurpose Centre		
Balance unspent at beginning of year	33,587	161,115
Current year receipts	127,500	-
Conditions met - transferred to revenue	(111,934)	(127,528)
	-	-
Conditions still to be met transferred to liabilities (see note 10)	49,153	33,587
Funds provided to the Municipality to finance the cost of the transformation of the existing inadequate facility serving the township into a suitable community centre.		
27. 15 Ilinge Lethu Housing Project		
Balance unspent at beginning of year	18,254	18,254
Current year receipts	-	-
Conditions met - transferred to revenue	(18,254)	-
	-	-
Conditions still to be met transferred to liabilities (see note 10)	-	18,254
The various projects, financed with funds provided by the Department of Housing of the PAWC have all been finalized. Advice is awaited from the Department as to the disposal of the surplus monies still on hand.		
27. 16 Kalbaskraal Housing Project		
Balance unspent at beginning of year	75,458	75,458
Current year receipts	-	-
Conditions met - transferred to revenue	(75,458)	-
	-	-
Conditions still to be met transferred to liabilities (see note 10)	-	75,458
The various projects, financed with funds provided by the Department of Housing of the PAWC have all been finalized. Advice is awaited from the Department as to the disposal of the surplus monies still on hand.		
27. 17 Kalbaskraal Housing Project (2)		
Balance unspent at beginning of year	1,019,078	45,820
Current year receipts	-	973,258
Conditions met - transferred to revenue	(1,019,078)	-
	-	-
Conditions still to be met transferred to liabilities (see note 10)	-	1,019,078
Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.		
27. 18 Libraries		
Balance unspent at beginning of year	-	-
Current year receipts	460,052	286,427
Conditions met - transferred to revenue	(460,879)	(286,427)
Conditions met - included in debtors	827	-
	-	-
Conditions still to be met transferred to liabilities (see note 10)	-	-
Funds provided for salaries of additional contract workers appointed at the libraries in the area under the jurisdiction of the Swartland Municipality as well as the maintenance of the library buildings.		

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
27. GOVERNMENT GRANTS AND SUBSIDIES (continued)		
27. 19 Malmesbury Saamstaan Housing Project		
Balance unspent at beginning of year	49,141	50,427
Current year receipts	-	-
Conditions met - transferred to revenue	(49,141)	(1,286)
Conditions still to be met transferred to liabilities (see note 10)	-	49,141
The various projects, financed with funds provided by the Department of Housing of the PAWC have all been finalized. Advice is awaited from the Department as to the disposal of the surplus monies still on hand.		
27. 20 Masibambani		
Balance unspent at beginning of year	-	85,019
Current year receipts	88,000	249,000
Conditions met - transferred to revenue	(88,000)	(334,019)
Conditions still to be met transferred to liabilities (see note 10)	-	-
Funds provided for the compiling of masterplans.		
27. 21 Masterplanning		
Balance unspent at beginning of year	-	-
Current year receipts	42,000	100,000
Conditions met - transferred to revenue	(42,000)	(100,000)
Conditions still to be met transferred to liabilities (see note 10)	-	-
Funds provided for the compiling of masterplans.		
27. 22 Municipal Infrastructure Grant		
Balance unspent at beginning of year	-	183,733
Current year receipts	5,769,838	2,871,823
Conditions met - transferred to revenue	(5,769,838)	(3,055,556)
Conditions still to be met transferred to liabilities (see note 10)	-	-
Funds made available to the Municipality for the upgrading of existing infrastructure in its area of jurisdiction and/or the erection/construction of new amenities required for service delivery.		
27. 23 Municipal Systems Improvement Grant		
Balance unspent at beginning of year	414,002	-
Current year receipts	735,000	734,000
Conditions met - transferred to revenue	(807,145)	(319,998)
Conditions still to be met transferred to liabilities (see note 10)	341,857	414,002
The purpose of the grant is to enable the Municipality to modernise and improve its financial management activities entailing, among others, the		
27. 24 Goedgezicht Sportgrounds		
Balance unspent at beginning of year	9,350	500,000
Current year receipts	-	-
Conditions met - transferred to revenue	(9,350)	(490,650)
Conditions still to be met transferred to liabilities (see note 10)	-	9,350
Funds provided to the Municipality to finance the cost of the transformation of the existing inadequate sport facilities.		

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
27. GOVERNMENT GRANTS AND SUBSIDIES (continued)		
27. 25 Project Preparation Grant		
Balance unspent at beginning of year	62,000	-
Current year receipts	-	62,000
Conditions met - transferred to revenue	(62,000)	-
Conditions still to be met transferred to liabilities (see note 10)	-	62,000
Funds provided to the Municipality to finance the cost of the preparation of plans for new housing projects.		
27. 26 Riebeek Kasteel Extension 3 Housing Project		
Balance unspent at beginning of year	95,194	95,194
Current year receipts	-	-
Conditions met - transferred to revenue	(95,194)	-
Conditions still to be met transferred to liabilities (see note 10)	-	95,194
The various projects, financed with funds provided by the Department of Housing of the PAWC have all been finalized. Advice is awaited from the Department as to the disposal of the surplus monies still on hand.		
27. 27 Riebeek Kasteel: Non Motorised Transport		
Balance unspent at beginning of year	57,214	57,214
Current year receipts	-	-
Conditions met - transferred to revenue	(57,214)	-
Conditions still to be met transferred to liabilities (see note 10)	-	57,214
Funds appropriated for and utilized on the construction of pavements and pedestrian walk ways in Riebeek Kasteel town.		
27. 28 Riebeek Wes Koinonia Housing Project		
Balance unspent at beginning of year	173,641	173,641
Current year receipts	-	-
Conditions met - transferred to revenue	(173,641)	-
Conditions still to be met transferred to liabilities (see note 10)	-	173,641
The various projects, financed with funds provided by the Department of Housing of the PAWC have all been finalized. Advice is awaited from the Department as to the disposal of the surplus monies still on hand.		
27. 29 Riverlands/Chatsworth Sport		
Balance unspent at beginning of year	243,715	250,000
Current year receipts	-	-
Conditions met - transferred to revenue	(243,715)	(6,285)
Conditions still to be met transferred to liabilities (see note 10)	-	243,715
Approval had been obtained from the relevant authority to utilize the funds allocated for the establishment of sport facilities at Riverlands and Chatsworth for the financing of the same kind of facilities at Kalbaskraal, as no land could be made available for the said purpose at the forenamed towns.		
27. 30 Soup Kitchen		
Balance unspent at beginning of year	15,000	7,878
Current year receipts	-	15,000
Conditions met - transferred to revenue	(15,000)	(7,878)
Conditions still to be met transferred to liabilities (see note 10)	-	15,000
The available allocated funds was, except for an unspent balance at year end, spent on the purchase of food stuff/ingredients in order to provide meals to poor inhabitants of the municipal area.		

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
27. GOVERNMENT GRANTS AND SUBSIDIES (continued)		
<i>27. 31 Spatial Development Framework</i>		
Balance unspent at beginning of year	22,926	297,057
Current year receipts	-	120,000
Conditions met - transferred to revenue	(22,926)	(394,131)
Conditions still to be met transferred to liabilities (see note 10)	-	22,926

Financial aid provided to support the Municipality with the process of the drafting of spatial

27. 32 Upgrading: Polla Park Township

Balance unspent at beginning of year	1,044,918	235,889
Current year receipts	-	5,209,193
Conditions met - transferred to revenue	(1,044,918)	(4,400,164)
Conditions still to be met transferred to liabilities (see note 10)	-	1,044,918

Funds allocated and expended in connection with the installation of services and the construction of sanitary conveniences.

27. 33 Vuna Award

Balance unspent at beginning of year	45,812	-
Current year receipts	2,750,000	350,000
Conditions met - transferred to revenue	(105,448)	(304,188)
Previous year's expenditure - transferred to debtors	(635,228)	-
Conditions still to be met transferred to liabilities (see note 10)	2,055,136	45,812

Prize money for winning the Vuna Award.

27. 34 Proclaimed Roads Subsidies

Balance unspent at beginning of year	-	-
Current year receipts	136,000	132,000
Conditions met - transferred to revenue	(136,000)	(132,000)
Conditions still to be met transferred to liabilities (see note 10)	-	-

Expenditure incurred by the Municipality in connection with the maintenance of proclaimed main roads falling under the jurisdiction of the Municipality, in accordance with a budget approved by the PAWC, which costs is partly recoverable from the Administration.

27. 35 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2005), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

28. OTHER INCOME**Restated**

Included in other income is the following:-

Admission Fees: Malmesbury	98,350	92,826
Application: Service Connections	166,002	153,197
Blockages: Sewerage	76,778	-
Cancellation Fee: Sale of Erven	281,500	-
Capital Contribution (Developers): Actual	-	287,627
Capital Contribution (Developers): Fixed	1,882,231	2,413,970
Cemetery Fees: Darling	62,997	58,171
Cemetery Fees: Malmesbury	181,432	139,878
Cemetery Fees: Moorreesburg	116,109	94,952
Clearance Certificates	-	88,824
Credit Card Cost: Recoverable	70,653	-
Efficiency Development	291,618	189,148
Entrance Fees Boats	238,264	240,746

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	Restated 2008 R
28.. OTHER INCOME (continued)		
Excess Payment: Insurance Claims	307,022	-
Industrial Sewerage	637,450	534,097
Insurance Claims	-	2,568,765
New Connections	1,466,176	1,613,433
Photostats	91,136	83,010
Plan fees: Buildings	617,437	1,033,230
Rates: Lessees	97,651	-
Refuse Coupons: Malmesbury	113,371	82,894
Refuse Coupons: Moorreesburg	65,825	69,969
Selling: Purified Sewerage Water	336,635	330,351
Street Entrances and Pavements	51,344	60,040
Subdivisions	-	72,674
Sundries	308,620	179,352
Tampering Fees	-	136,000
Valuation Certificates	-	64,221
Housing Scheme/Private Organisations Loan Instalments	330,931	496,439
Other (less than 50 000)	846,482	776,773
Total Other Income	8,736,014	11,860,587

The amounts disclosed above for Other Income are in respect of services rendered, other than described in Notes 23 and 24, which are billed to or paid for by the users according to approved tariffs.

29. EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	45,726,576	38,947,368
Employee related costs - Contributions for UIF, pensions and medical aids	12,050,058	10,669,236
Travel, motor car, accommodation, subsistence and other allowances	5,518,637	4,800,702
Housing benefits and allowances	589,969	508,995
Overtime payments	2,883,163	2,553,958
Bonuses: 13th Cheque	3,058,700	2,965,208
Long-service awards	-	-
Contribution to Leave Gratuity	944,793	1,078,131
Contribution to provision for post- retirement medical aid benefits	3,142,110	2,479,421
Contribution to long-service provision	1,161,052	244,638
Total Employee Related Costs	75,075,058	64,247,657

No advances were made to employees. Loans to employees are set out in note 17.

Remuneration of the Municipal Manager

Annual Remuneration	703,841	638,180
Car Allowance	168,652	135,210
Long-service award	3,200	-
Other	10,684	9,687
Contributions to UIF, Medical and Pension Funds	170,022	147,837
Total	1,056,399	930,914

Remuneration of the Chief Finance Officer

Annual Remuneration	395,140	380,384
Car Allowance	190,205	129,372
13 th Cheque	32,928	31,699
Long-service award	51,296	-
Leave Pay	47,445	38,691
Other	6,016	5,790
Contributions to UIF, Medical and Pension Funds	108,609	105,293
Total	831,639	691,229

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009**29.. EMPLOYEE RELATED COSTS (continued)***Remuneration of Individual Executive Directors***30 June 2009**

	Corporate Services	Civil Engineering Services	Electrical Engineering Services	Development Services	Protection Services
Annual Remuneration	355,838	450,310	371,495	453,335	385,525
Car Allowance	142,808	87,582	172,817	101,307	189,748
Long-service award	-	14,511	5,179	145,412	-
13 th Cheque	30,001	-	30,958	-	-
Leave Pay	19,731	-	-	-	21,913
Acting Allowance	2,711	-	-	-	-
Other	5,858	6,850	5,659	6,896	5,871
Contributions to UIF, Medical and Pension Funds	74,781	106,388	109,132	122,862	101,035
Total	631,728	665,641	695,240	829,812	704,092

30 June 2008

	Corporate Services	Civil Engineering Services	Electrical Engineering Services	Community Services	Protection Services
Annual Remuneration	297,900	389,495	352,195	366,920	359,965
Car Allowance	143,157	86,061	125,840	97,723	117,585
Long-service award	-	-	14,088	-	-
13 th Cheque	-	-	29,350	30,577	29,997
Leave Pay	-	-	-	35,856	18,005
Acting Allowance	-	3,474	-	-	-
Other	4,543	5,928	5,363	5,586	5,481
Contributions to UIF, Medical and Pension Funds	68,077	93,012	102,103	100,232	93,585
Total	513,677	577,970	628,939	636,894	624,618

2009
R

2008
R

The following accrued to key management personnel in terms of IAS 19 as at 30 June:

Post Retirement Medical Aid Benefit Liability:

Municipal Manager	80,562	54,091
Chief Financial Officer	71,628	72,784
Executive Director: Corporate Services	52,194	11,060
Executive Director: Civil Engineering Services	123,062	99,056
Executive Director: Electrical Engineering Services	69,226	143,619
Executive Director: Development Services	128,205	119,492
Executive Director: Protection Services	64,538	67,849
Total	589,415	567,951

Long Service Awards Liability

Municipal Manager	67,634	39,491
Chief Financial Officer	51,172	23,132
Executive Director: Corporate Services	40,470	2,250
Executive Director: Civil Engineering Services	31,742	17,967
Executive Director: Electrical Engineering Services	32,767	16,108
Executive Director: Development Services	31,707	16,925
Executive Director: Protection Services	46,731	23,690
Total	302,223	139,563

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
29. EMPLOYEE RELATED COSTS (continued)		
<i>Staff leave</i>		
Municipal Manager	161,968	123,884
Chief Financial Officer	45,046	53,329
Executive Director: Corporate Services	12,119	3,575
Executive Director: Civil Engineering Services	123,438	92,747
Executive Director: Electrical Engineering Services	98,862	78,230
Executive Director: Community Services	115,147	112,278
Executive Director: Protection Services	49,393	56,198
Total	605,973	520,241
30. REMUNERATION OF COUNCILLORS		
Executive Mayor	321,930	289,732
Deputy Executive Mayor	255,600	228,780
Speaker	255,600	228,780
Mayoral Committee Members	696,150	640,629
Councillors	1,209,983	1,069,604
Councillor's - pension contribution	411,160	368,633
Councillor's - medical aid contribution	343,973	345,600
Councillor's - travelling allowances	1,164,665	1,057,255
Councillor's - telephone allowances	234,039	212,232
Total Councillors - Remuneration	4,893,100	4,441,245
In-kind Benefits		
The Councillors occupying the positions of Executive Mayor, Deputy Executive Mayor, Speaker and Executive Mayoral Committee Members of the Municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the Municipality in order to enable them to perform their official duties.		
31. DEPRECIATION AND AMORTISATION		
Depreciation: Property, Plant and Equipment (Refer note 14)	18,535,477	15,491,351
Amortisation: Intangible Assets (Refer note 15)	18,439	11,964
Depreciation: Investment Property (Refer note 16)	50,850	50,850
Total Depreciation and Amortisation	18,604,766	15,554,165
32. INTEREST PAID		
Long-term liabilities (Refer note 4)	5,149,770	3,551,095
Finance Leases (Refer note 4)	201,682	120,363
Total Interest on External Borrowings	5,351,452	3,671,458
33. BULK PURCHASES		
Electricity	46,572,082	33,937,063
Water	13,212,367	11,843,780
Total Bulk Purchases	59,784,449	45,780,843

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst water is purchased from the West Coast District Municipality.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
34. GRANTS AND SUBSIDIES PAID		
* Darling Focus	40,000	40,000
* Huis van Heerde	25,000	25,000
SPCA	168,540	168,540
* Elkana Childcare	40,000	-
* Multipurpose Centre: Chatsworth	-	-
* Multi Purpose Centre: Illinge Lethu	66,442	54,579
* Multi Purpose Centre: Kalbaskraal	994	1,232
* Multi Purpose Centre: Moorreesburg	40,000	40,000
Museum - Malmesbury	36,900	34,122
Museum - Darling	36,900	36,170
Museum - Oude Kerk	36,900	36,170
Museum - Wheat Industry	36,900	36,170
National Sea Rescue Institute	26,316	-
* Night Shelter	25,000	25,000
* "Ons Kan" Training Centre	20,000	-
Tourism Swartland and Coastal Area	560,446	637,558
Yzerfontein Conservancy	50,000	50,000
Total Grants and Subsidies	<u>1,210,338</u>	<u>1,184,541</u>

Due to the need in the Swartland Municipal area for expert services and resources to support effective domestic animal management initiatives and controls, for which the Municipality do not have the resources, it is deemed necessary, from a perspective of serving the community, for the Municipality to contribute financially towards the operational costs of the SPCA.

*

The aim of **these organisations** entails the social upliftment of the poor and disadvantaged section of the community. Financial aid by the Municipality to these organisations, as well as assistance in counselling and advisory services, is intended to enable them to fulfil the said aim.

Museums generally do not generate sufficient income from own resources and are, therefore, dependant on financial aid from the public and organisations to meet their financial needs and obligations. The Municipality, consequently, regards it appropriate to contribute financially to this end.

Aware of the importance of the promotion of tourism in the area falling under the Municipality, the Council deems it their duty and privilege to assist financially towards the needs of the various **tourism bureau's** serving the area.

The **Yzerfontein Urban Conservancy** came into being to preserve and promote, on a voluntary basis, the conservation of the environment and heritage in, specifically, the sensitive coastal region within the boundaries of the Yzerfontein Local Nature Reserve. Financial assistance by the Municipality is intended to enable the Organisation to fund its programmes.

35. RESEARCH AND DEVELOPMENT COSTS

Electricity	-	137,719
Water	101,611	443,852
Sewerage	51,796	-
General	61,404	267,750
Total Research and Development Costs	<u>214,811</u>	<u>849,321</u>

Research and Development Costs disclosed above, have been expensed immediately and are in respect of research into the future needs of the municipality and new resources to fulfil these needs.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R Restated
36. GENERAL EXPENSES		
Included in general expenses is the following:-		
Administration Costs: Vehicles	79,202	79,214
Advertisements	463,540	430,232
Allowances: Ward Committee	25,281	49,054
Audit Committee Expenditure	28,891	38,219
Audit Costs	1,060,081	734,696
Bank costs	474,068	355,015
Chemicals	816,591	541,874
Commission	985,773	884,885
Connection Fees	1,537,115	1,259,164
Consumables	450,327	449,436
Delegations/Congresses	77,414	72,202
Disaster Management	236,994	80,490
Efficiency Development	531,669	463,636
Entertainment	41,161	36,345
Evaluation of Posts	3,531	66,653
Fuel and Oil	4,009,413	3,470,838
Operating Lease Expenditure	256,092	632,341
Infrastructure: Asset Stocktake	-	-
Infrastructure: Civil Survey	-	268,633
Insurance	896,505	851,155
Inventory: Tools and Equipment	47,617	68,709
Job Creation	-	-
LED Projects: Red Door	115,184	572,745
Legal Fees	497,552	187,333
Licenses: Computer Systems	1,106,789	1,017,723
Masterplanning: Services	214,811	849,321
Mayor Expenses	24,796	30,074
Membership Fees: Council	200,185	213,612
Postage	604,829	548,926
Printing and Stationery	610,445	549,342
Projects	508,822	408,300
Protective Clothing	632,071	616,712
Refreshments: Offices	97,918	75,912
Rental of Facilities and Hiring of Equipment	632,992	613,198
Security Services	840,362	629,137
Subscriptions	109,621	110,206
Telecommunications	1,291,375	1,208,925
Test Station Inspection Fees	15,919	37,934
Testing Sewerage	178,508	132,562
Traffic Fines	1,872,518	2,567,937
Training	186,731	224,382
Travelling Costs	461,707	332,189
Youth Camp (Africa Union)	427,310	340,999
Departmental Rates and Service Charges	4,397,145	4,860,816
Government Grant Expenditure	16,344,845	11,532,787
Other	6,441,506	5,325,611
Total General Expenses	49,835,206	43,819,474

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009**37. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY****(a) Previous periods appropriations and transactions**

A number of errors in prior periods' appropriations and transactions were discovered and corrected in the current financial period. These errors include faulty meter readings and levies in respect of service charges as well as the writing back of staled cheques.

These corrections have been applied retrospectively and the effects thereof are as follows:

	Note	Total of correction 2008
Decrease / (increase) in Revenue (Previous years' appropriations and transactions)		242,781
Property rates	23	107,212
Service charges	24	210,963
Rental of facilities and equipment	26	(500)
Interest earned - cash deposits	25	17,330
Other revenue (Housing)	28	1,535
Other revenue	28	(93,759)
(Decrease) / increase in Expenditure (Previous years' appropriations and transactions)		
Repairs and maintenance		(17,320)
General expenses (other)		(299,617)
Decrease/(Increase) in surplus for the year ended 30 June 2008		(74,156)
Increase in VAT (receivable)	22	17,320
(Increase) in Other creditors	9	282,287
Increase/(decrease) in Consumer debtors		(319,710)
Rates	20	(107,212)
Electricity	20	(111,247)
Water	20	(86,935)
Sewerage	20	(8,640)
Refuse removal	20	(4,141)
Housing rentals	20	(1,535)
Increase/(decrease) in Other Debtors		
Sundry debtors	21	94,259

(b) Fair value adjustment of long- term loan

During prior periods, a loan to the ACVV had incorrectly been accounted for by applying a non market-related interest rate. The fair value of the loan was subsequently determined by applying the weighted average cost of borrowings of the municipality as the effective interest rate, and the carrying amount of the loan was adjusted to fair value. This correction has been applied retrospectively and the effect thereof is as follows:

Decrease/(increase) in Accumulated surplus 30 June 2007 (opening balance 07/08)		297,254
Decrease in Assets		(270,936)
Long-term receivables	17	(244,737)
Current portion of long-term receivables	17	(26,199)
(Increase) in Revenue		
Interest earned - outstanding debtors	25	(26,318)

(c) Planning fees incorrectly capitalised

During the 2007/08 financial period, an amount relating to planning fees was erroneously capitalised as part of the cost of Property, Plant and Equipment. This error has been corrected retrospectively and the effect thereof is as follows:

(Decrease) in Assets		
Property, Plant and Equipment	14	(468,700)
Increase in Expenditure		
General expenses (other)	36	468,700

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009**37.. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)*****(d) Retention money incorrectly capitalised***

Prior to the 2007/2008 financial period, an amount relating to retention fees was erroneously capitalised as part of the cost of Property, Plant and Equipment. This error has been corrected retrospectively and the effect thereof is as follows:

Decrease/(increase) in Accumulated surplus 30 June 2007 (opening balance 2007/2008)		(24,058)
(Decrease) in Assets		(213,622)
<i>Property, Plant and Equipment at cost</i>	14	(237,680)
<i>Accumulated depreciation</i>	14	24,058
Decrease in Creditors		
<i>Retentions</i>	9	237,680

(e) Accounting for Government Grants

IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, was included in the accounting framework for municipalities in 2007/08. However in terms of the ASB's Directive 5 of 2009, IAS 20 is no longer included in their accounting framework. A change in accounting policy has therefore occurred and GRAP 9.44 is being applied, which states that until such time as the GRAP 23 on Non-exchange Revenue (Taxes and Transfers) is effective, the relevant paragraphs of GAMAP 9 regarding government grants (paragraphs .42 to .49, .61(b) and 62 (a) & (b)) will form part of GRAP 9.

This change in accounting policy has been applied retrospectively and the effects thereof are as follows:

(Increase) in Accumulated surplus 30 June 2007 (opening balance 2007/2008)		(55,040,584)
Decrease in Liabilities		64,795,840
<i>Deferred income</i>		60,274,959
<i>Current portion of deferred income</i>		4,520,881
(Increase) in Revenue		
<i>Conditional Government grants and subsidies</i>		(9,755,256)

(f) Housing Development Fund

At 30 June 2008, all internal funds and reserves were reported under Accumulated Surplus. However, as the Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997), the decision was made that this fund will be reported separate from the other internal funds and reserves which are ring-fenced within the Accumulated Surplus.

This change in accounting policy has been applied retrospectively and the effects thereof are as follows:

<i>(Increase)/decrease in Housing Development Fund (opening balance 2007/2008)</i>	(3,699,736)
<i>Decrease in Accumulated surplus 30 June 2007 (opening balance 2007/2008)</i>	3,699,736

(g) Disclosure note - Interest earned

During the 2007/08 financial period, the total amount in the disclosure note setting out interest earned by category of financial assets was incorrectly disclosed. The subsequent correction of the amount only affects the disclosure note and not the amount of interest earned per the Statement of Financial Performance. This error has been corrected retrospectively, and the effect thereof on the disclosure note is as follows:

Increase in 'Interest Earned on Financial Assets, analysed by category of asset', is as follows:	6,343,118
<i>Loans and receivables</i>	6,343,118
<i>Held-to-Maturity Investments</i>	-

(h) Land Inventory disposals

During prior periods, unsold properties held for resale were erroneously included in the balance of Inventories reported, while these properties had already been disposed of. This error has been corrected retrospectively, and the effect thereof is as follows:

(Increase)/decrease in Accumulated surplus 30 June 2007 (opening balance 07/08)	200,250
Decrease in Inventory (opening balance 07/08)	200,250

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009**37.. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)****(i) Traffic Fines Revenue**

During the 2007/08 and 2008/09 period, estimates of traffic fines revenue (accruals) were made at year-end. These estimates are reversed when actual revenue is accounted for in the following year. This estimate was however not made prior to the 2007/08 financial year, and subsequently no reversal of the estimate took place during the 2007/08 financial period. Traffic revenue of 2008/09 and the comparative year was therefore not comparable. In order to correct this error, an estimate of the accrual as at 30 June 2007 was made. This error has been corrected retrospectively and the effects thereof are as follows:

Increase in Accumulated Surplus 30 June 2007 (opening balance 2007/2008)		(2,383,121)
Decrease / (increase) in Revenue		2,383,121
<i>Fines</i>		2,383,121
Increase/(decrease) in Other debtors		(2,383,121)
<i>Traffic fines</i>		(2,383,121)

(j) Intangible assets - Valuation roll

During prior periods the municipality had recognised the Valuation Roll as an Intangible asset which is not in accordance with GRAP. This error has been corrected retrospectively and the effects thereof are as follows:

Decrease in Accumulated surplus 30 June 2007 (opening balance 2007/2008)		982,944
Increase in Expenditure		
<i>General expenses (Valuation roll)</i>	36	1,246,989
(Decrease) in Assets		(2,229,933)
<i>Intangible assets</i>	15	(2,229,933)
<i>Accumulated amortisation</i>	15	-

(k) Land Inventory value

During prior financial periods, an unsold property held for resale was erroneously included in the balance of Inventories reported at its municipal value and not at cost, as is required. This error has been corrected retrospectively, and the effect thereof is as follows:

(Increase)/decrease in Accumulated surplus 30 June 2007 (opening balance 07/08)		64,000
Decrease in Inventory (opening balance 07/08)		(64,000)

(l) Interest on long- term liabilities

During the prior periods the municipality had not recognised interest accrued on long term liabilities for the period 1/4/2008 to 30/6/2008. This error has been corrected retrospectively and the effects thereof are as follows:

Increase in Expenditure		
<i>Interest paid (long term liabilities)</i>	32	105,319
(Increase) in Liabilities		
<i>Long term liabilities (Annuity loans)</i>	4	(105,319)

(m) Accounting for Property, Plant and Equipment

During the prior period the municipality had utilized the exemption granted by the Minister of Finance in terms of General Notice 522 of 2007, regarding compliance with requirements of IAS 36: Impairment of Assets and certain requirements of GAMAP 17: Property, Plant and Equipment (impairment, the review of the useful life and assessment of the depreciation method of recognised assets).

IAS 36 and GRAP 17 was implemented during the 2008/2009 financial period.

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

37.. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)

(m) Accounting for Property, Plant and Equipment (continued)

The municipality had embarked on a project for the unbundling of its Infrastructure assets, and during the current year the consulting engineers, AURECON, finalised the process of itemising and valuing assets in order to comply with MFMA Circular 18 of 2005, and the Guidelines on implementation of approved standards of generally recognised accounting practice of 2005. The fair value of assets were determined using the depreciated replacement cost approach. In consultation with National Treasury it was established that the fair values determined is not a revaluation, but a deemed cost to be depreciated during the remaining useful lives of these assets.

Impairment and the remaining useful lives of assets were also taken into consideration by the consulting engineers during the process of identifying and unbundling of Infrastructure assets and included in the Depreciated Replacement Cost calculated during the exercise. The amounts for Impairment were not calculated separately and therefore no impaired values of Infrastructure assets are disclosed.

(n) Accounting for Investment Property

During the prior period the municipality had utilized the exemption granted by the Minister of Finance in terms of General Notice 522 of 2007, regarding compliance with certain requirements of IAS 40: Investment Property. The fair values of Investment Properties had been determined as at 30 June 2009 and the implementation of GRAP 16 during the financial period only affects the disclosure of these fair values in the notes to the financial statements. No prior period amounts are therefore restated.

(o) Accounting for Revenue

During the prior period the municipality had utilized the exemption granted by the Minister of Finance in terms of General Notice 522 of 2007, regarding compliance with certain requirements of GAMAP 9: Revenue. The municipality did not enter into transactions where interest free credit period was provided to the purchaser of services or goods from the municipality and therefore the implementation of GRAP 9 during the financial period did not require the restatement of any prior period amounts.

As a result of the above errors and changes in accounting policies, prior period revenue, expenditure and net asset transfer amounts are restated as follows:

	Note	Previously reported	Amount of correction	Restated
REVENUE				
<i>Property rates</i>	23	43,298,164	(107,212)	43,190,952
<i>Service charges</i>	24	109,903,388	(210,963)	109,692,425
<i>Rental of facilities and equipment</i>	26	1,654,512	500	1,655,012
<i>Interest earned - cash deposits</i>	25	12,885,726	(17,330)	12,868,396
<i>Interest earned - outstanding debtors</i>	25	1,224,997	26,318	1,251,315
<i>Fines</i>		6,711,635	(2,383,121)	4,328,514
<i>Licences and permits</i>		2,672,475	-	2,672,475
<i>Income for agency services</i>		2,347,840	-	2,347,840
<i>Conditional Government grants and subsidies</i>	27	5,533,552	9,755,256	15,288,808
<i>Unconditional Government and other grants</i>		14,844,952	-	14,844,952
<i>Other revenue</i>	28	11,768,363	92,224	11,860,587
Other income:				
<i>Gains on disposal of property, plant and equipment</i>		62,165	-	62,165
Profit on Sale of Land		44,350,738	-	44,350,738
<i>Gross proceeds on sale of land</i>		45,036,616	-	45,036,616
<i>Carrying amount of land sold</i>		685,878	-	685,878
Increase/(Decrease) in Revenue		257,258,507	7,155,672	264,414,179
EXPENDITURE				
<i>Employee related costs</i>	29	64,247,657	-	64,247,657
<i>Remuneration of Councillors</i>	30	4,441,245	-	4,441,245
<i>Impairment loss</i>	20/21	1,540,636	-	1,540,636
<i>Depreciation and Amortisation</i>	31	15,554,160	-	15,554,160
<i>Repairs and maintenance</i>		10,192,824	(17,320)	10,175,504
<i>Interest paid</i>	32	3,566,139	105,319	3,671,458
<i>Bulk purchases</i>	33	45,780,843	-	45,780,843
<i>Contracted services</i>		2,055,778	-	2,055,778
<i>Grants and subsidies paid</i>	34	1,184,541	-	1,184,541
<i>General expenses</i>	36	42,403,402	1,416,072	43,819,474
Increase/(Decrease) in Expenditure		190,967,225	1,504,071	192,471,296
Increase/(Decrease) in surplus for the year ended 30 June 2008		66,291,282	5,651,601	71,942,883

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009**37.. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)**

	Previously reported	Amount of correction	Restated
Increase/(decrease) in Housing development Fund movement for the year	-	(1,530,960)	(1,530,960)
Increase/(decrease) in Accumulated Surplus movement for the year	-	1,530,960	1,530,960

(i) Adjustment of opening balances**NET ASSETS**

* Accumulated Surplus 1 July 2007	261,230,727	52,203,579	313,434,306
<i>Fair value adjustment of long- term loan</i>		(297,254)	
<i>Depreciation on capitalisation of retention fees</i>		24,058	
<i>Accounting for Government Grants i.t.o. GRAP 9</i>		55,040,584	
<i>Reporting of Housing Development Fund</i>		(3,699,736)	
<i>Inventory (property) disposals</i>		(200,250)	
<i>Inventory (property) value</i>		(64,000)	
<i>Valuation roll expensed</i>		(982,944)	
<i>Traffic fines estimate</i>		2,383,121	
* Housing Development Fund 1 July 2007	-	3,699,736	3,699,736

LIABILITIES

* Deferred income 1 July 2007			
<i>Accounting for Government Grants i.t.o. GRAP 9</i>	51,019,517	(51,019,517)	-
* Current portion of deferred income 1 July 2007			
<i>Accounting for Government Grants i.t.o. GRAP 9</i>	4,021,067	(4,021,067)	-
* Creditors 1 July 2007	29,986,308	(237,680)	29,748,628
<i>Retentions</i>	1,391,660	(237,680)	1,153,980

ASSETS

* Long-term receivables 1 July 2007			
<i>Fair value adjustment of long- term loan</i>	907,664	(297,254)	610,410
* PPE 1 July 2007	246,916,020	213,622	247,129,642
<i>Cost</i>	1,072,311,400	237,680	1,072,549,080
<i>Accumulated depreciation</i>	(825,395,380)	(24,058)	(825,419,438)
* Inventories 1 July 2007	6,294,342	(264,250)	6,030,092
<i>Unsold properties held for resale</i>		(200,250)	
		(64,000)	
* Intangible assets 1 July 2007	1,013,637	982,944	30,693
<i>Cost</i>	1,034,098	982,944	51,154
<i>Accumulated amortisation</i>	(20,461)	-	(20,461)
* Increase/(decrease) in Other debtors		2,383,121	
<i>Traffic fines</i>		2,383,121	

Total effect of adjustments to opening balances 1 July 2007**-****(ii) Adjustment against surplus for the year ended 30 June 2008**

66,291,282	5,651,601	71,942,883
-------------------	------------------	-------------------

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009**37.. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)**

	Previously reported	Amount of correction	Restated
Total effect of adjustments against accumulated surplus 30 June 2008 (i) + (ii)	327,522,009	59,386,140	386,908,149
(iii) Adjustment of balances - assets and liabilities - as at 30 June 2008			
Increase/(decrease) in Property, Plant and Equipment	293,655,367	(682,322)	292,973,045
Cost	1,134,206,221	(706,380)	1,133,499,841
Accumulated depreciation	(840,550,854)	24,058	(840,526,796)
Increase/(decrease) in Intangible assets	2,267,212	(2,229,933)	37,279
Cost	2,299,637	(2,229,933)	69,704
Accumulated amortisation	(32,425)	-	(32,425)
Increase/(decrease) in Long term receivables due to fair value adjustment	669,503	(270,936)	398,567
Non-current portion	578,287	(244,737)	333,550
Current portion	91,216	(26,199)	65,017
Increase in VAT receivable	1,051,020	17,320	1,068,340
Previous years' appropriations and transactions		17,320	
Increase/(decrease) in Long term liabilities	23,932,012	105,319	24,037,331
Annuity loans		105,319	
Increase/(decrease) in Creditors	33,683,106	(519,967)	33,163,139
Retentions		(237,680)	
Other creditors (Previous years' appropriations and transactions)		(282,287)	
Increase/(decrease) in Consumer debtors	20,104,008	(319,710)	19,784,298
Rates	4,698,140	(107,212)	4,590,928
Electricity	8,599,803	(111,247)	8,488,556
Water	3,001,400	(86,935)	2,914,465
Sewerage	2,158,500	(8,640)	2,149,860
Refuse removal	1,576,909	(4,141)	1,572,768
Housing rentals	69,256	(1,535)	67,721
Increase/(decrease) in Other Debtors	4,613,472	94,259	4,707,731
Sundry debtors		94,259	
(Decrease) in Deferred Income	64,795,840	(64,795,840)	-
Non-current portion	60,274,959	(60,274,959)	-
Current portion	4,520,881	(4,520,881)	-
Reconciliation of adjustments due to accounting policies and prior period errors			
NET ASSETS AND LIABILITIES			
Net assets	327,522,009	61,554,916	389,076,925
Housing Development Fund	-	2,168,776	2,168,776
Accumulated Surplus/(Deficit)	327,522,009	59,386,140	386,908,149
Non-current liabilities	105,840,747	(60,169,640)	45,671,107
Deferred income	60,274,959	(60,274,959)	-
Long-term liabilities	23,932,012	105,319	24,037,331
Provision for post- retirement medical aid benefits	19,150,406	-	19,150,406
Other non-current provisions	2,483,370	-	2,483,370
Current liabilities	55,928,119	(5,040,848)	50,887,271
Consumer deposits	4,551,628	-	4,551,628
Provisions	1,132,474	-	1,132,474
Creditors	33,683,106	(519,967)	33,163,139
Unspent conditional grants and receipts	9,082,730	-	9,082,730
Operating lease liability	38,466	-	38,466
Current portion of deferred income	4,520,881	(4,520,881)	-
Current portion of long-term liabilities	2,918,834	-	2,918,834
Total Net Assets and Liabilities	489,290,875	(3,655,572)	485,635,303

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009****37.. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)****Reconciliation of adjustments due to accounting policies and prior period errors (continued)****NET ASSETS AND LIABILITIES (continued)**

	Previously reported	Amount of correction	Restated
ASSETS			
Non-current assets	321,040,944	(3,156,992)	317,883,952
Property, plant and equipment	293,655,367	(682,322)	292,973,045
Intangible Assets	2,267,212	(2,229,933)	37,279
Investment property	23,801,779	-	23,801,779
Long-term receivables	578,287	(244,737)	333,550
Finance lease receivables	738,299	-	738,299
Current assets	168,249,931	(498,580)	167,751,351
Inventory	7,852,737	(264,250)	7,588,487
Assets classified as held-for-sale	-	-	-
Consumer debtors	20,104,008	(319,710)	19,784,298
Other debtors	4,613,472	94,259	4,707,731
VAT	1,051,020	17,320	1,068,340
Operating lease asset	10,900	-	10,900
Current portion of long-term receivables	91,216	(26,199)	65,017
Current portion of finance lease receivables	162,672	-	162,672
Bank balances and cash	134,363,906	-	134,363,906
Total Assets	489,290,875	(3,655,572)	485,635,303
Surplus/(Deficit) for the year	66,291,282	5,651,601	71,942,883

38. CASH GENERATED BY OPERATIONS

		Restated
Surplus for the year	45,439,524	71,942,883
Depreciation and Amortisation	18,604,766	15,554,165
Write- off of property, plant and equipment	453,886	-
Gain on disposal of property, plant and equipment	(58,883)	(62,165)
Increase/(Decrease) in provisions	2,871,198	1,532,332
Increase/(decrease) in consumer deposits	346,040	393,074
Investment income	(18,327,478)	(12,868,396)
Interest paid	5,351,452	3,671,458
Operating surplus before working capital changes:	54,680,505	80,163,351
(Increase)/decrease in inventories	3,475,574	(420,911)
(Increase)/decrease in consumer debtors	(5,229,575)	(2,779,720)
(Increase)/decrease in other debtors	2,123,555	3,070,043
(Decrease)/increase in unspent conditional grants and receipts	2,451,356	2,290,394
Increase/(Decrease) in the net operating lease liability	(35,670)	22,550
Increase/(Decrease) in creditors	2,233,075	3,414,511
Increase/(Decrease) in VAT	(1,962,772)	749,133
Cash generated by/(utilised in) operations	57,736,048	86,509,351

39. CASH AND CASH EQUIVALENTS

Bank balances and cash	197,752,511	133,752,148
Call investment deposits	-	603,728
Petty Cash Advances	13,530	8,030
Total cash and cash equivalents	197,766,041	134,363,906

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
39.. CASH AND CASH EQUIVALENTS (continued)		
The Municipality has the following bank accounts: -		
<u>Current Account (Primary Bank Account) (OTM account)</u>		
ABSA Bank Limited - Public Sector: Account Number 40 5369 2381		
Bank statement balance at beginning of year	-	2,562,466
Bank statement balance at end of year	-	-
<u>Current Account</u>		
ABSA Bank Limited - Public Sector: Account Number 40 5369 1741		
Bank statement balance at beginning of year	129,649,497	1,126,855
Bank statement balance at end of year	194,978,881	129,649,497
<u>Current Account (ACB account)</u>		
ABSA Bank Limited - Public Sector: Account Number 40 5369 2399		
Bank statement balance at beginning of year	-	441,478
Bank statement balance at end of year	-	-
<u>Current Account (Cash account)</u>		
ABSA Bank Limited - Public Sector: Account Number 40 5369 2466		
Bank statement balance at beginning of year	5,000	74,574
Bank statement balance at end of year	-	5,000
<u>Summary</u>		
Cash book balance at beginning of year	133,752,148	6,458,911
Cash book balance at end of year	197,752,511	133,752,148
Bank statement balance at beginning of year	129,654,497	4,205,373
Bank statement balance at end of year	194,978,881	129,654,497

For the purposes of the Cash Flow Statement, Bank, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

Call investment deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 9.00 % to 11.60 % per annum.

Interest on overdrawn current accounts is charged at prime less 0.5 % per annum and earn interest at different rates per annum on favourable balances.

Management of the municipality is of the opinion that the carrying value of Bank Balances and Cash recorded at amortised cost in the financial statements approximate their fair values.

The fair value of Bank Balances and Cash were determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

40. NON-CASH INVESTING AND FINANCING TRANSACTIONS

The Municipality was engaged in an exchange transaction of non- monetary assets during the year. A municipal property, erf 10418 (previously registered as erven 7601-7603 and 7615-7617), was exchanged for a similar asset, namely erf 1766, acquired from the registered owner.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
41. FINANCING FACILITIES		
Unsecured Bank Overdraft Facility, reviewed annually and payable at call:		
- Amount used	-	-
- Amount unused	1,000,000	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>

42. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities (see Note 4)	70,682,944	26,956,165
Used to finance property, plant and equipment - at cost	70,682,944	26,956,165
Sub- total	<u>-</u>	<u>-</u>
Cash set aside for the repayment of long-term liabilities	3,320,984	2,918,834
Cash invested for repayment of long-term liabilities	<u>3,320,984</u>	<u>2,918,834</u>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that the upcoming annual payment for long-term liabilities can be made.

43. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE***43. 1 Unauthorised expenditure***

To the best of knowledge no unauthorised expenditure was incurred during the year under review.

43. 2 Fruitless and wasteful expenditure

To the best of knowledge instances of note indicating that fruitless and wasteful expenditure was incurred during the year under review were not revealed.

43. 3 Irregular expenditure

To the best of knowledge instances of note indicating that irregular expenses was incurred during the year under review were not revealed.

44. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT***44. 1 Contributions to organized local government***

Opening balance	-	-
Council subscriptions	248,252	237,135
Amount paid - current year	(248,252)	(237,135)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>

44. 2 Audit fees

Opening balance	-	1,283
Current year audit fee	1,104,736	760,155
Amount paid - current year	(1,104,736)	(760,155)
Amount written back - previous years	-	(1,283)
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>

44. 3 VAT

VAT input receivables and VAT output payables are shown in note 11 and 22. All VAT returns have been submitted by the due date throughout the year.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
44.. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)		
44. 4 PAYE and UIF		
Opening balance	-	-
Current year payroll deductions	7,049,122	5,970,808
Amount paid - current year	(7,049,122)	(5,970,808)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

44. 5 Pension and Medical Aid Deductions

Opening balance	-	-
Current year payroll deductions and Council Contributions	10,827,708	9,590,003
Amount paid - current year	(10,827,708)	(9,590,003)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

44. 6 Councillor's arrear consumer accounts

During the financial year under review no Councillor (present or past) was in arrear with the settlement of their municipal accounts.

44. 7 Water losses

Water losses incurred during the year amounted to R 2,243,935 (2008: R 2,463,222) or 14.95 % (2008:18.41 %) of the total water purchased.

44. 8 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The incidents as listed hereunder have been condoned.

Incident	Reasons submitted for non-compliance
Appointment of Cape Low Land Environmental Services, Dr Bill Harding en Prof Hilary Deacon to implement the necessary Environmental Impact Assessment for the cleaning of No Go-, Platteklip- and Diepriver. Item 7.2 of the minutes of the Executive Mayoral Committee held on 15 October 2008.	(i) A prompt solution for this flooding is essential and has in previous years been handled as an emergency with regards to damage to municipal as well as private property. (ii) The obtaining of the Environmental Impact Assessment for the mentioned rivers is absolutely imperative and is clearly stipulated by legislation. This is therefore treated as an unusual circumstance where it is impractical or impossible to follow the official procurement processes.
Appointment of ISIS Builders to do the necessary upgrading and repairs at Rosenhof Sports grounds, Moorreesburg. Item 7.7 of the minutes of the Executive Mayoral Committee held on 18 March 2009.	(i) The threatening conflict between the users of Gene Louw and Rosenhof Sports grounds is viewed as an unusual situation and needs to be treated as an emergency. The formal tender process takes approximately two months for a contractor to be on site and it is therefore impractical to follow.
Appointment of R-Data for the purchase of electronic hand held meter reading units. Item 7.8 of the minutes of the Executive Mayoral Committee held on 21 April 2009.	(i) The urgent purchase of the appliances was essential for the reading of meters so that consumer accounts could be timeously dispatched.
Appointment of CL Conradie Plant Hire for the clearing of the Diepriver. Item 7.19 of the minutes of the Executive Mayoral Committee held on 18 June 2009.	(i) The urgent solution for the flooding problem is crucial and has previously been treated as an emergency due to damage to municipal as well as private property. (ii) Special equipment is required for the cleaning of the mentioned river and therefore it is regarded as an exceptional case where it is impractical or impossible to follow the official procurement processes.
The purchase of material for the reparation of damages to buildings/ structures that were damaged/ destroyed in unusual circumstances. Item 7.20 of the minutes of the Executive Mayoral Committee held on 18 June 2009.	(i) The destruction of private structures/ dwellings where people reside is regarded as an emergency and the repair thereof must take place as soon as possible. (ii) This is regarded as an unusual, unforeseen situation where it is impractical to follow the official procurement process.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R
45. CAPITAL COMMITMENTS			
Commitments in respect of capital expenditure:			
- Approved and contracted for		19,608,000	2,850,000
<i>Infrastructure</i>		19,608,000	2,850,000
<i>Other</i>		-	-
- Approved but not yet contracted for		41,520,000	52,490,108
<i>Infrastructure</i>		23,785,000	50,430,108
<i>Community</i>		11,600,000	200,000
<i>Heritage</i>		-	-
<i>Other</i>		6,135,000	1,860,000
Total		61,128,000	55,340,108
This expenditure will be financed from:			
- External Loans		15,200,000	13,832,217
- Capital Replacement Reserve		20,933,000	28,298,891
- Government Grants		24,995,000	13,209,000
		61,128,000	55,340,108
46. FINANCIAL INSTRUMENTS			
46.1 Classification			
Financial Assets			
In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows:			
Long-term Receivables			
Loans to Public Organisations	Loans and receivables	276,327	285,690
Finance Lease Receivables			
Car loans	Loans and receivables	-	47,860
Housing Selling Scheme Loans	Loans and receivables	358,994	738,299
Consumer Debtors			
Rates	Loans and receivables	5,679,223	4,590,928
Electricity	Loans and receivables	11,540,290	8,488,556
Water	Loans and receivables	3,494,376	2,914,465
Sewerage	Loans and receivables	2,381,591	2,149,860
Refuse Removal	Loans and receivables	1,863,809	1,572,768
Housing Rentals	Loans and receivables	54,584	67,721
Other Debtors			
Insurance claims	Loans and receivables	26,726	11,463
Government grants and subsidies	Loans and receivables	32,387	1,649,941
Proclaimed roads subsidies	Loans and receivables	-	-
Sundry debtors	Loans and receivables	2,172,704	2,734,761
Current Portion of Long-term Receivables			
Loans to Public Organisations	Loans and receivables	9,031	7,794
Current Portion of Finance Lease Receivables			
Car loans	Loans and receivables	47,860	57,223
Housing Selling Scheme Loans	Loans and receivables	74,069	162,672
Bank Balances and Cash			
Bank Balances	Loans and receivables	197,752,511	133,752,148
Cash Floats and Advances	Loans and receivables	13,530	8,030
Other Cash Equivalents	Loans and receivables	-	603,728
Total Financial Assets		225,778,012	159,843,907

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	R	R

46.. FINANCIAL INSTRUMENTS (continued)**Financial liabilities**

In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows:

<u>Financial liability</u>	<u>Classification</u>		
Long-term Liabilities			
Annuity Loans	Financial liabilities at amortised cost	66,468,247	23,082,154
Consumer Deposits			
Electricity and Water	Financial liabilities at amortised cost	4,897,668	4,551,628
Creditors			
Trade creditors	Financial liabilities at amortised cost	25,953,141	23,972,310
Retentions	Financial liabilities at amortised cost	1,067,703	1,925,911
Staff leave	Financial liabilities at amortised cost	3,726,633	3,483,692
Other creditors	Financial liabilities at amortised cost	3,392,608	3,049,345
Current Portion of Long-term Liabilities			
Annuity Loans	Financial liabilities at amortised cost	3,026,622	2,699,857
Total Financial Liabilities		<u>108,532,622</u>	<u>62,764,897</u>

46. 2 Fair Value of Financial Instruments

Management of the municipality is of the opinion that the carrying value of financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair values. The fair value of Financial Assets and Financial Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the the current payment ratio's of the municipality's debtors.

46. 3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2007.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 4, Bank, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Notes 2 and 42 and the Statement of Changes in Net Assets.

Gearing Ratio

The gearing ratio at the year-end was as follows:

Debt	70,682,944	26,956,165
Bank Overdraft	-	-
Net Debt	<u>70,682,944</u>	<u>26,956,165</u>
Equity	<u>435,578,503</u>	<u>389,076,925</u>
Net debt to equity ratio	16.23 %	6.93 %

Debt is defined as Long- and Short-term Liabilities, as detailed in Note

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance.

46. 4 Financial Risk Management Objectives

The Directorate: Financial services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, and by external auditors annually. The entity does not enter into or trade financial instruments for speculative purposes.

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

46. FINANCIAL INSTRUMENTS (continued)

46. 4 Financial Risk Management Objectives (continued)

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports quarterly to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

46. 5 Significant Accounting Policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset and Financial Liability are disclosed in the Accounting Policies to the Annual Financial Statements.

46. 6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 49.7 below). No formal policy exists to hedge volatilities in the interest rate market.

46. 6. 1 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term debtors, consumer debtors, other debtors, and bank and cash balances.

The municipality is exposed to interest rate risk as the municipality borrows funds at both fixed and floating interest rates.

Interest Rate Sensitivity Analysis

The sensitivity analysis below was determined based on the exposure to interest rates at the reporting date. For variable rate long-term instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instrument at year-end with variable interest rates are set out in 49.7 and below.

- If interest rates had been 100 basis points higher/lower and all other variables were held constant, the municipality's surplus for the year ended 30 June 2009 would have decreased/increased by R 1,657,523 (2008: decreased/increased by R 1,173,375). This is mainly attributable to the municipality's exposure to interest rates on its variable rate borrowings.

The municipality's sensitivity to interest rates has decreased during the current period mainly due to the reduction in the balance of the variable rate debt instrument.

46. 7 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 41 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk.(cash)

Liquidity and Interest Risk Tables

The following tables detail the municipality's remaining contractual maturity for its non-derivative **financial liabilities**. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Average effective Interest Rate	6 Months or less	6 - 12 Months	1 - 2 Years	Total carried forward
	%	R	R	R	R
30 June 2009					
Variable Interest Rate Instruments	12.46	40,360,737	64,377	123,909	40,549,023
Fixed Interest Rate Instruments	13.03	4,676,427	5,022,428	10,980,032	20,678,887
		45,037,164	5,086,805	11,103,941	61,227,910
30 June 2008					
Variable Interest Rate Instruments	13.95	37,573,399	68,008	131,232	37,772,639
Fixed Interest Rate Instruments	13.03	2,854,975	2,854,975	5,709,951	11,419,901
		40,428,374	2,922,983	5,841,183	49,192,540

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

46. FINANCIAL INSTRUMENTS (continued)

46. 7 Liquidity Risk Management (continued)

Liquidity and Interest Risk Tables (continued)

Description	Average effective Interest Rate	Total brought forward	2 - 5 Years	More than 5 Years	Total
30 June 2009	%	R	R	R	R
Variable Interest Rate Instruments	12.46	40,549,023	327,792	457,874	41,334,689
Fixed Interest Rate Instruments	13.03	20,678,887	30,941,836	84,960,396	136,581,119
		61,227,910	31,269,628	85,418,270	177,915,808
30 June 2008					
Variable Interest Rate Instruments	13.95	37,772,639	349,759	559,816	38,682,214
Fixed Interest Rate Instruments	13.03	11,419,901	17,129,856	11,115,047	39,664,804
		49,192,540	17,479,615	11,674,863	78,347,018

The municipality has access to financing facilities, the total unused amount which is R 1,000,000 at the reporting date. The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain current debt to equity ratio. This will be achieved through increasing tariffs and the increased use of unsecured bank loan facilities.

46. 8 Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Potential concentrations of credit risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by the Council.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at balance sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
46. FINANCIAL INSTRUMENTS (continued)		
The maximum credit risk exposure in respect of the relevant financial instruments is as follows:		
	2009 R	2008 R
Fixed Deposit Investments	-	-
Long-term Receivables	333,218	398,567
Consumer Debtors	28,136,487	22,962,801
Other Debtors	3,501,852	5,554,093
Finance lease receivables	433,063	900,971
Bank Guarantees	57,100	53,100
Bank and Cash Balances	197,766,041	134,363,906
Maximum Credit and Interest Risk Exposure	197,823,141	134,417,006

47. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The personnel of the Swartland Municipality are members of the funds as set out below. These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below. The Cape Joint Pension Fund is defined benefit plan, whereas the Cape Joint Retirement Fund, Municipal Councillors Fund, The Provident Fund and The National Fund for Municipal Workers are defined contribution plans. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

- The assets of each fund are held in one portfolio; these assets are not nationally allocated to each of the participating employers.
- One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- The same rate of contributions applies to all participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

CAPE JOINT PENSION FUND

The Cape Joint Pension Fund operates both as a defined benefit and defined contribution scheme.

The defined benefit scheme is a multi-employer plan and the contribution rate payable is 9 %, by the members and 18 % by Council. The last valuation performed for the year ended 30 June 2008 (30 June 2007) revealed that the fund had an actuarial surplus of R 182,73 million (R 200,21 million) with a funding level of 106,5 % (107,2 %), and is in a sound financial state as at 30 June 2008.

The actuarial valuation report at 30 June 2008 indicated that the the defined contribution scheme of the fund is in a sound financial position, with a funding level of 103.3% (2007:105.3%).

CAPE JOINT RETIREMENT FUND

The contribution rate paid by the members (9,0 %) and Council (18,0 %) is sufficient to fund the benefits accruing from the fund in future. The last valuation performed for the year ended 30 June 2008 (30 June 2007) revealed that the fund had an actuarial surplus of R 42,93 million (R 104,04 million) with a funding level of 112,2 % (137,4 %). Certified in a sound financial position as at 30 June 2008.

MUNICIPAL COUNCILLORS PENSION

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The actuarial valuation of the fund was undertaken at 30 June 2007 and was reported to be in a sound financial position. The contribution rate paid by the members (13,75 %) and council (15 %) is sufficient to fund the benefits accruing from the fund in the future.

SOUTH AFRICAN MUNICIPAL WORKERS UNION NATIONAL PROVIDENT FUND

The contribution rate payable is 7,5 % by the members 18 % by Council. Actuarial valuation on this fund is performed every three years, and the last valuation performed for the year ended 30 June 2005 certified that the fund is in a sound financial state.

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

2009	2008
R	R

47.. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION (continued)**NATIONAL FUND FOR MUNICIPAL WORKERS**

The above mentioned fund is a defined contribution Fund and according to Regulation 2 of the Pension Funds Act no 24 of 1956 exempt from the provisions of sections 9A and 16 of the Act. The contribution rate paid by the members is 9.00 % and by the council is 18.00 %.

The latest voluntary valuation was done on 30 June 2008 (30 June 2007). As at 30 June 2008 the results state that the way the benefits are structured in the rules, the fund is limited to an amount equal to the accumulation of all the contributions plus investment returns less administration costs. The NFMW Retirement Fund does not have any reserve accounts or surpluses which could be allocated to members Fund records.

None of the above mentioned plans are state plans.

48. RELATED PARTY TRANSACTIONS

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated:

48. 1 Services rendered to related parties	Rates	Service Charges	Other	Outstanding Balances
30 June 2009				
Councillors	37,565	117,960	1,364	12,496
Municipal Manager and Section 57 Personnel	34,113	80,971	-	6,716
Total	71,678	198,931	1,364	19,212
30 June 2008				
Councillors	46,507	103,848	1,355	10,787
Municipal Manager and Section 57 Personnel	27,883	79,532	350	6,425
Total	74,390	183,380	1,705	17,212

The rates, service and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses had been recognised in respect of amounts owed by related parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel (managers directly accountable to the Municipal Manager). No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

48. 2 Related Party Loans

Loans to Councillors and senior management employees are no longer permitted since 1 July 2004. Loans that were granted prior to this date, together with the conditions, are disclosed in note 18 to the Annual Financial Statements.

48. 3 Compensation of key management personnel

The compensation of key management personnel is set out in note 30.

48. 4 Other related party transactions

The Municipality entered into business transactions during the financial year under review with the service provider mentioned below. The said providers are considered to be related parties as they are in some way or other connected to the Municipality, either as councillor or family tie to employees of the Municipality. These transactions were duly concluded in compliance with the provisions of the Supply Chain Management Policy of the Municipality.

Service Provider	Value of Transaction	Name of Councillor/Employee	Relation to Service Provider
AM Anthony	R 13,350.00	W Anthony	Spouse
Automodell BK	R 32,405.00	Councillor A Bredell	Brother
Black Bird Trading 49 CC	R 201,299.00	M Smit	Spouse
Roja Contractors and traders	R 54,193.00	J Liedeman	Son

SWARTLAND MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
49. CONTINGENT LIABILITY		
Guarantees in favour of Eskom	57,100	53,100
Guarantees in favour of South African Post Office Limited	100,000	-
	157,100	53,100

Bank guarantees provided to Eskom for the supply of electricity to the Municipality for distribution amongst consumers. The guarantees is covered to a large extend by cash deposits recovered from the individual consumers of electricity within the municipal area.

50. CONTINGENT ASSET

The Municipality was not engaged in any transaction or event during the year under review giving rise to a contingent asset.

51. IN-KIND DONATION AND ASSISTANCE

The Municipality did not receive any in-kind donation and assistance during the year under review.

52. COMPARISON WITH THE BUDGET

The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexures "E (1) and E (2)".

53. PRIVATE PUBLIC PARTNERSHIPS

The Municipality has as yet not entered into a public-private partnership agreement with any private party.

54. EVENTS AFTER THE REPORTING DATE

No events having significant financial implications requiring disclosure occurred subsequent to 30 June 2009

APPENDIX A**SWARTLAND MUNICIPALITY**
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009

	Loan Number	Redeemable	Balance at 30/06/2008	Received during the period	Interest capitalised during the period	Redeemed written off during the period	Balance 30/06/2009
EXTERNAL LOANS							
LONG- TERM LOANS							
Development Bank		31/03/2018	3,520,278	-	99,415	197,346	3,422,347
Development Bank		31/12/2018	5,609,221	-	-	238,474	5,370,747
Development Bank		30/06/2020	629,988	-	-	52,499	577,489
INCA		31/12/2013	15,917,205	-	-	2,211,537	13,705,668
Development Bank		31/03/2029	-	43,113,100	992,328	-	44,105,428
Development Bank		31/03/2024	-	2,262,000	51,190	-	2,313,190
Total Long- Term Loans			25,676,692	45,375,100	1,142,933	2,699,856	69,494,869
LEASES							
Sunlyne Rentals			30,030	-	-	5,880	24,150
CTC Finance			339,939	-	-	79,049	260,890
Minoltafin			804,185	330,597	-	231,747	903,035
Total leases			1,174,154	330,597	-	316,676	1,188,075
TOTAL EXTERNAL LOANS			26,850,846	45,705,697	1,142,933	3,016,532	70,682,944

APPENDIX B**SWARTLAND MUNICIPALITY****ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009**

	Cost/Revaluation							Accumulated Depreciation						Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Balance before Unbundling	Unbundled	Closing Balance	Opening Balance	Additions	Disposals	Balance before Unbundling	Unbundled	Closing Balance	
Land and Buildings														
Land	52,687,809	46,605	-	239,000	52,495,414	-	52,495,414	490,016	117,816	-	607,832	-	607,832	51,887,582
Buildings	52,759,874	1,161,150	3,390	-	53,924,414	-	53,924,414	35,707,908	971,261	-	36,679,169	-	36,679,169	17,245,245
	105,447,683	1,207,755	3,390	239,000	106,419,828	-	106,419,828	36,197,924	1,089,077	-	37,287,001	-	37,287,001	69,132,827
Infrastructure														
Drains	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads	474,124,036	13,681,562	2,011,338	-	489,816,936	-	489,816,936	402,182,925	5,579,974	-	407,762,899	-	407,762,899	82,054,037
Beach Improvements	72,036	-	-	-	72,036	-	72,036	-	2,402	-	2,402	-	2,402	69,634
Sewerage Mains and Purification	202,766,011	5,246,725	9,800,141	-	217,812,877	-	217,812,877	145,642,084	3,249,170	-	148,891,254	-	148,891,254	68,921,623
Electricity Mains	148,017,511	7,884,745	3,322,502	-	159,224,758	-	159,224,758	119,459,972	1,821,920	-	121,281,892	-	121,281,892	37,942,866
Electricity Peak Load Equipment	436,608	-	-	-	436,608	-	436,608	247,876	20,849	-	268,725	-	268,725	167,883
Water Mains and Purification	1,729,231	-	1,208,088	-	2,937,319	-	2,937,319	832,710	80,154	-	912,864	-	912,864	2,024,455
Reservoirs - Water	28,588,404	-	-	-	28,588,404	-	28,588,404	21,937,368	455,640	-	22,393,008	-	22,393,008	6,195,396
Water Meters	291,694	-	-	-	291,694	-	291,694	114,632	19,446	-	134,078	-	134,078	157,616
Water Mains	99,363,444	1,534,123	-	-	100,897,567	-	100,897,567	78,756,643	1,342,225	-	80,098,868	-	80,098,868	20,798,699
Landfill Sites	941,555	-	-	-	941,555	-	941,555	297,184	33,802	-	330,986	-	330,986	610,569
	956,330,530	28,347,155	16,342,069	-	1,001,019,754	-	1,001,019,754	769,471,394	12,605,582	-	782,076,976	-	782,076,976	218,942,778
Community Assets														
Parks and Gardens	603,427	-	-	-	603,427	-	603,427	153,870	27,561	-	181,431	-	181,431	421,996
Libraries	3,956,733	-	-	-	3,956,733	-	3,956,733	2,018,727	75,525	-	2,094,252	-	2,094,252	1,862,481
Recreation Grounds	11,847,149	-	-	-	11,847,149	-	11,847,149	6,888,559	500,375	-	7,388,934	-	7,388,934	4,458,215
Civic Buildings	12,599,273	-	-	-	12,599,273	-	12,599,273	6,613,485	316,466	-	6,929,951	-	6,929,951	5,669,322
	29,006,582	-	-	-	29,006,582	-	29,006,582	15,674,641	919,927	-	16,594,568	-	16,594,568	12,412,014
Heritage Assets														
Historical Buildings	586,266	-	-	-	586,266	-	586,266	453,273	10,109	-	463,382	-	463,382	122,884
Painting and Art Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	586,266	-	-	-	586,266	-	586,266	453,273	10,109	-	463,382	-	463,382	122,884
Housing Rental Stock														
Housing Rental 1	764,263	-	-	-	764,263	-	764,263	110,545	25,476	-	136,021	-	136,021	628,242
Housing Rental 2	823,002	-	-	-	823,002	-	823,002	740,701	41,150	-	781,851	-	781,851	41,151
	1,587,265	-	-	-	1,587,265	-	1,587,265	851,246	66,626	-	917,872	-	917,872	669,393
Total carried forward	1,092,958,326	29,554,910	16,345,459	239,000	1,138,619,695	-	1,138,619,695	822,648,478	14,691,321	-	837,339,799	-	837,339,799	301,279,896

APPENDIX B

SWARTLAND MUNICIPALITY

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009 (continued)

	Cost/Revaluation							Accumulated Depreciation						
	Opening Balance	Additions	Under Construction	Disposals	Balance before Unbundling	Unbundled	Closing Balance	Opening Balance	Additions	Disposals	Balance before Unbundling	Unbundled	Closing Balance	Carrying Value
Total brought forward	1,092,958,326	29,554,910	16,345,459	239,000	1,138,619,695	-	1,138,619,695	822,648,478	14,691,321	-	837,339,799	-	837,339,799	301,279,896
Leased Assets (Infrastructure)														
Sewerage Mains and Purify	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets														
Office Equipment	3,059,867	1,085,845	-	-	4,145,712	-	4,145,712	971,684	560,624	-	1,532,308	-	1,532,308	2,613,404
Furniture and Fittings	3,841,610	326,861	-	-	4,168,471	-	4,168,471	2,702,834	414,396	-	3,117,230	-	3,117,230	1,051,241
Bins and Containers	1,530,592	-	-	-	1,530,592	-	1,530,592	715,800	161,182	-	876,982	-	876,982	653,610
Emergency Equipment	8,360	640,392	-	-	648,752	-	648,752	2,284	26,707	-	28,991	-	28,991	619,761
Motor Vehicles	19,476,891	1,798,031	-	388,159	20,886,763	-	20,886,763	7,696,927	1,377,303	297,460	8,776,770	-	8,776,770	12,109,993
Fire Engines	331,878	536,552	-	-	868,430	-	868,430	95,076	28,418	-	123,494	-	123,494	744,936
Refuse Tankers	5,793,013	595,100	-	-	6,388,113	-	6,388,113	1,867,690	497,268	-	2,364,958	-	2,364,958	4,023,155
Computer Equipment	5,334,109	449,167	-	-	5,783,276	-	5,783,276	3,621,277	529,615	-	4,150,892	-	4,150,892	1,632,384
	39,376,320	5,431,948	-	388,159	44,420,109	-	44,420,109	17,673,572	3,595,513	297,460	20,971,625	-	20,971,625	23,448,484
Leased Assets														
Office Equipment	1,165,196	289,997	-	64,253	1,390,940	-	1,390,940	204,747	248,643	19,187	434,203	-	434,203	956,737
	1,165,196	289,997	-	64,253	1,390,940	-	1,390,940	204,747	248,643	19,187	434,203	-	434,203	956,737
Total: Property, Plant and Equipment	1,133,499,842	35,276,855	16,345,459	691,412	1,184,430,744	-	1,184,430,744	840,526,797	18,535,477	316,647	858,745,627	-	858,745,627	325,685,117

ANALYSIS OF INVESTMENT PROPERTY AND INTANGIBLE ASSETS AS AT 30 JUNE 2009

	Cost/Revaluation							Accumulated Depreciation						
	Opening Balance	Additions	Under Construction	Disposals	Balance before Unbundling	Unbundled	Closing Balance	Opening Balance	Additions	Disposals	Balance before Unbundling	Unbundled	Closing Balance	Carrying Value
Investment Properties	29,841,074	-	-	146,370	29,694,704	-	29,694,704	6,039,295	50,850	-	6,090,145	(1,040,532)	5,049,613	24,645,091
Intangible Assets	69,704	73,793	-	-	143,497	-	143,497	32,425	18,439	-	50,864	(21,522)	29,342	114,155
Total	29,910,778	73,793	-	146,370	29,838,201	-	29,838,201	6,071,720	69,289	-	6,141,009	(1,062,054)	5,078,955	24,759,246
Grand Total	1,163,410,620	35,350,648	16,345,459	837,782	1,214,268,945	-	1,214,268,945	846,598,517	18,604,766	316,647	864,886,636	(1,062,054)	863,824,582	350,444,363

APPENDIX C

SWARTLAND MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENTAS AT 30 JUNE 2009

	Cost/Revaluation							Accumulated Depreciation						Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Balance before Unbundling	Unbundled	Closing Balance	Opening Balance	Additions	Disposals	Balance before Unbundling	Unbundled	Closing Balance	
Cemeteries	51,440	70,337	-	-	121,777	-	121,777	36,155	8,163	-	44,318	-	44,318	77,459
Corporate Services	6,675,438	343,059	-	101,798	6,916,699	-	6,916,699	3,585,494	551,958	68,851	4,068,601	-	4,068,601	2,848,098
Electricity	150,787,522	8,665,652	3,322,502	-	162,775,676	-	162,775,676	120,933,114	2,085,575	-	123,018,689	-	123,018,689	39,756,987
Development Services	1,415,010	105,997	-	-	1,521,007	-	1,521,007	462,664	131,331	-	593,995	-	593,995	927,012
Financial Services	3,561,087	1,744,571	3,390	58,258	5,250,790	-	5,250,790	1,115,397	740,889	17,397	1,838,889	(21,522)	1,817,367	3,433,423
Fire Fighting	1,139,389	536,552	-	-	1,675,941	-	1,675,941	627,186	69,246	-	696,432	-	696,432	979,509
Housing	2,199,981	-	-	-	2,199,981	-	2,199,981	1,461,857	67,151	-	1,529,008	-	1,529,008	670,973
Libraries	2,666,896	34,322	-	-	2,701,218	-	2,701,218	519,801	154,903	-	674,704	-	674,704	2,026,514
Municipal Property	141,884,937	618,701	-	385,370	142,118,268	-	142,118,268	51,658,290	1,001,880	-	52,660,170	(1,040,532)	51,619,638	90,498,630
Parks and Recreational	3,725,029	36,191	-	-	3,761,220	-	3,761,220	1,441,340	254,229	-	1,695,569	-	1,695,569	2,065,651
Protection Services	5,912,291	162,090	-	43,212	6,031,169	-	6,031,169	2,228,798	357,739	30,249	2,556,288	-	2,556,288	3,474,881
Refuse Removal	10,222,160	845,535	-	55,532	11,012,163	-	11,012,163	3,877,649	762,649	38,872	4,601,426	-	4,601,426	6,410,737
Roads and Stormwater	482,927,892	13,931,934	2,808,899	171,662	499,497,063	-	499,497,063	405,379,676	6,207,361	145,913	411,441,124	-	411,441,124	88,055,939
Sewerage	205,577,990	6,451,090	9,002,580	-	221,031,660	-	221,031,660	146,790,144	3,474,192	-	150,264,336	-	150,264,336	70,767,324
Sportsgrounds	13,081,284	19,005	-	-	13,100,289	-	13,100,289	3,736,156	751,218	-	4,487,374	-	4,487,374	8,612,915
Water	131,582,274	1,785,612	1,208,088	21,950	134,554,024	-	134,554,024	102,744,796	1,986,282	15,365	104,715,713	-	104,715,713	29,838,311
TOTAL	1,163,410,620	35,350,648	16,345,459	837,782	1,214,268,945	-	1,214,268,945	846,598,517	18,604,766	316,647	864,886,636	(1,062,054)	863,824,582	350,444,363

APPENDIX D**SWARTLAND MUNICIPALITY****SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009**

2008	2008	2008		2009	2009	2009
Restated	Restated	Restated		Actual	Actual	Surplus/
Actual	Actual	Surplus/		Income	Expenditure	(Deficit)
Income	Expenditure	(Deficit)		Income	Expenditure	(Deficit)
R	R	R		R	R	R
401,780	13,704,882	(13,303,102)	Executive and Council	502,700	16,826,558	(16,323,858)
130,643,188	41,777,802	88,865,386	Finance and Administration	126,948,676	48,075,225	78,873,451
1,343,381	2,970,020	(1,626,639)	Planning and Development	903,426	5,095,558	(4,192,132)
1,116,909	6,476,891	(5,359,982)	Community and Social Services	728,690	7,141,050	(6,412,360)
575,841	2,108,336	(1,532,495)	Housing	2,079,809	1,420,752	659,057
12	9,529,187	(9,529,175)	Public Safety	12,647	11,019,637	(11,006,990)
1,793,520	7,853,454	(6,059,934)	Sport and Recreation	1,766,329	8,439,430	(6,673,101)
-	-	-	Environmental Protection	-	-	-
16,484,852	12,316,719	4,168,133	Waste Water Management	16,994,182	15,549,127	1,445,055
10,690,893	11,004,360	(313,467)	Waste Management	12,556,099	13,172,045	(615,946)
11,093,658	21,107,193	(10,013,535)	Road Transport	9,653,685	25,209,182	(15,555,497)
22,681,802	20,876,692	1,805,110	Water	23,564,395	22,843,828	720,567
67,574,552	46,082,000	21,492,552	Electricity	81,999,688	60,957,175	21,042,513
13,791	754,190	(740,399)	Other	14,621	708,116	(693,495)
264,414,179	196,561,726	67,852,453	Sub Total	277,724,947	236,457,683	41,267,264
-	(4,090,430)	4,090,430	Less Inter- Departmental Charges	-	(4,172,260)	4,172,260
264,414,179	192,471,296	71,942,883	Total	277,724,947	232,285,423	45,439,524

APPENDIX E (1)**SWARTLAND MUNICIPALITY****ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009**

REVENUE	2009 Actual R	2009 Budget R	2009 Variance R	2009 Variance %	Explanation of Significant Variances greater than 10 % versus Budget
Property rates	48,024,811	47,794,707	230,104	0.48	
Service charges	130,482,552	127,461,708	3,020,844	2.37	
Rental of facilities and equipment	1,963,920	1,514,874	449,046	29.64	Income realised more than income anticipated.
Interest earned - external investments	18,327,478	11,312,696	7,014,782	62.01	Increased income due to favourable cash balances throughout the year.
Interest earned - outstanding debtors	1,411,807	855,000	556,807	65.12	Income derived from interest on late payments higher than income anticipated.
Fines	3,653,893	2,186,640	1,467,253	67.10	Increased income due to improved law enforcement.
Licences and permits	2,602,940	2,133,675	469,265	21.99	Higher demand for licences and permits.
Income for agency services	2,356,737	2,058,000	298,737	14.52	Income realised more than income anticipated.
Government grants and subsidies	44,271,415	6,021,374	38,250,041	635.24	Due to a change in accounting policy (see note 37)
Other income	8,736,014	5,795,832	2,940,182	50.73	Income realised more than income anticipated.
Gains on disposal of property, plant and equipment	15,893,380	20,110,000	(4,216,620)	(20.97)	Income derived from landsales lower than income anticipated.
Total Revenue	277,724,947	227,244,506	50,480,441	22.21	
EXPENDITURE					
Employee related costs	75,075,058	75,601,878	(526,820)	(0.70)	
Remuneration of Councillors	4,893,100	4,131,419	761,681	18.44	Increase in councillor's allowances
Bad debts	999,258	5,781,187	(4,781,929)	(82.72)	Provision for bad debt less than the amount budgeted for due to improved debt collection.
Depreciation	18,604,766	22,912,970	(4,308,204)	(18.80)	Depreciation brought to account lower than the amount budgeted for.
Repairs and maintenance	13,710,041	15,015,697	(1,305,656)	(8.70)	
Interest paid on external borrowings	5,351,452	8,880,988	(3,529,536)	(39.74)	Raising of new loans during the year.
Bulk purchases	59,784,449	59,543,859	240,590	0.40	
Contracted services	2,798,307	2,887,960	(89,653)	(3.10)	
Grants and subsidies paid	1,210,338	1,539,110	(328,772)	(21.36)	Lower demand for subsidies from non- profitable organisations
General expenses- other	49,835,206	51,363,232	(1,528,026)	(2.97)	
Loss on disposal of property, plant and equipment	23,448	-	23,448	-	
Total Expenditure	232,285,423	247,658,300	(15,372,877)	(6.21)	
NET SURPLUS/(DEFICIT) FOR THE YEAR	45,439,524	(20,413,794)	65,853,318	(322.59)	

APPENDIX E (2)**SWARTLAND MUNICIPALITY****ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009**

	2009 Actual R	2009 Under Construction R	2009 Total Additions R	2009 Budget R	2009 Variance R	2009 Variance %	Explanation of Significant Variances greater than 10 % versus Budget
Executive and Council	2,858,375		2,858,375	6,211,826	(3,353,451)	(53.98)	Expenditure realised lower than expenditure anticipated.
Finance and Administration	1,673,843		1,673,843	1,893,064	(219,221)	(11.58)	Expenditure realised lower than expenditure anticipated.
Planning and Development	20,796,568	3,390	20,799,958	23,409,687	(2,609,729)	(11.15)	Expenditure realised lower than expenditure anticipated.
Health	-		-	-	-	-	
Community and Social Services	140,611		140,611	188,598	(47,987)	(25.44)	Expenditure realised lower than expenditure anticipated.
Housing	-		-	-	-	-	
Public Safety	285,348		285,348	296,947	(11,599)	(3.91)	
Sport and Recreation	98,645		98,645	626,025	(527,380)	(84.24)	Expenditure realised lower than expenditure anticipated.
Environmental Protection	-		-	-	-	-	
Waste Management	3,545,265	9,800,141	13,345,406	16,900,000	(3,554,594)	(21.03)	Amount budgeted for was not fully spent during the 2008/2009 financial year and was carried over to the new financial year.
Road Transport	3,965,583	2,011,338	5,976,921	7,836,000	(1,859,079)	(23.72)	Expenditure realised lower than expenditure anticipated.
Water	-	1,208,088	1,208,088	1,980,000	(771,912)	(38.99)	Amount budgeted for was not fully spent during the 2008/2009 financial year and was carried over to the new financial year.
Electricity	1,986,410	3,322,502	5,308,912	3,963,055	1,345,857	33.96	Amount budgeted for was not fully spent during the 2008/2009 financial year and was carried over to the new financial year.
Other	-		-	-	-	-	
	35,350,648	16,345,459	51,696,107	63,305,202	(11,609,095)	(18.34)	

APPENDIX F**SWARTLAND MUNICIPALITY****DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, 56 OF 2003****Grant and Subsidies Received**

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly expenditure				Grants and Subsidies delayed / withheld				Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of the grant framework in the latest Division of Revenue Act Yes / No
		June	September	December	March	June	September	December	March	June	September	December	March		
Abbotsdale Housing Project	Provincial Department of Housing	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes
Cleanest Town	Provincial Department of Environmental Affairs and Development Planning	-	-	-	60,000	-	-	-	-	-	-	-	-	None	Yes
Community Development Workers	Provincial Department of Local Government	-	-	-	48,000	9,058	14,621	18,921	7,463	-	-	-	-	None	Yes
Darling Pedestrian Route	Provincial Department of Transport and Public Works	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes
Disaster Fund	National Department of Provincial and Local Government	-	-	-	1,781,913	838,677	3,500	14,086	23,763	-	-	-	-	None	Yes
Moorreesburg/ Chatsworth															
Drought Relief	National Department of Provincial and Local Government	-	-	-	-	1,518,828	-	-	-	-	-	-	-	None	Yes
Electricity: Phola Park	National Department of Minerals and Energy	-	-	-	-	562,460	-	-	-	-	-	-	-	None	Yes
Electricity: Riebeeck Kasteel/ Kalbaskraal	Eskom	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes
Local Government Financial Management Grant	National Treasury	-	500,000	-	-	322,465	162,175	134,866	3,753	-	-	-	-	None	Yes
Housing Consumer Education Grant	Provincial Department of Housing	55,000	-	-	70,000	41,034	2,383	400	-	-	-	-	-	None	Yes
Housing Darling	Provincial Department of Housing / National Department of Minerals and Energy	-	4,276,745	3,648,241	4,961,826	5,696,799	3,070,648	4,603,562	410,496	-	-	-	-	None	Yes
Chatsworth: Transfer Fees	Provincial Department of Housing	100,000	-	-	-	64,304	23,778	17,181	-	-	-	-	-	None	Yes

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, 56 OF 2003 (continued)

[illegible]

APPENDIX F**SWARTLAND MUNICIPALITY****DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, 56 OF 2003 (continued)****Grant and Subsidies Received**

Name of Grants	organ of state or	Quarterly Receipts				Quarterly expenditure				Grants and Subsidies delayed / withheld				delay/	Did your
		June	September	December	March	June	September	December	March	June	September	December	March		Yes / No
Riebeek Kasteel Non Motorised Transport	Provincial Department of Transport and Public Works	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes
Riebeek Wes Koinonia Housing Project	Provincial Department of Housing	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes
Riverlands/Chatsworth Sport	Provincial Department of Cultural Affairs and Sport	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes
Soup Kitchen	West Coast District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes
Spatial Development Framework	Provincial Department of Environmental Affairs and Development Planning	-	-	-	-	169,756	-	-	15,000	-	-	-	-	None	Yes
Upgrading: Polla Park	Provincial Department of Housing	-	-	-	-	-	-	-	-					None	Yes
Vuna Award	DBSA	-	-	2,114,772	-	304,188	105,276	-	172						
Proclaimed Roads Subsidy	Provincial Department of Transport and Public Works	-	-	-	136,000	-	-	-	-	-	-	-	-	None	Yes
Total		255,000	4,891,758	10,201,026	9,849,603	10,312,503	6,670,307	8,088,731	767,773	-	-	-	-		

*** Reasons for non- compliance**

No expenditure was incurred in this financial year. The funding will be utilised in the next financial year.

ANNEXURE 3
2008/09 Audit Report from Auditor-General

REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE SWARTLAND MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Swartland Municipality which comprise the statement of financial position as at 30 June 2009, and the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 2 to 77 (Annexure 2 of the annual report).

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with standards of Generally Recognised Accounting Practice (standards of GRAP) and in the manner required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and, the Division of Revenue Act, 2008 (Act No. 2 of 2008) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 126(3)(a) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. Paragraph 11 *et seq.* of the Statement of Generally Recognised Accounting Practice, GRAP 1 *Presentation of Financial Statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the Swartland Municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

8. In my opinion the financial statements present fairly, in all material respects, the financial position of the Swartland Municipality as at 30 June 2009 and its financial performance and its cash flows for the year then ended, in accordance with the Standards of GRAP and in the manner required by the MFMA and DoRA.

Emphasis of matter

Without qualifying my opinion I draw attention to the following matter

Amendments to the applicable basis of accounting

9. As set out in accounting policy note 1 of the municipality's financial statements, the municipality has adopted the transitional provisions as allowed by Directive 4: "Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities", as issued by the Accounting Standards Board.

Restatement of corresponding figures

10. As disclosed in note 37 to the financial statements the comparative figures were significantly restated, due to the change in accounting policy from the previous basis of accounting and as a result of errors discovered during the current year ended 30 June 2009 in the financial statements of Swartland at, and for the year ended, 30 June 2008.

Material losses

11. As disclosed in note 44.7 to the financial statements, water distribution losses of 14.95% were incurred during the 2008-09 financial year.

Other matters

I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Unaudited supplementary schedules

12. The supplementary information set out on pages 78 to 84 (appendices C to F) does not form part of the financial statements and accordingly I do not express an opinion thereon.

Material underspending of the budget

13. As disclosed in Appendix E(1), the municipality has under spent its capital budget by R11 609 095 which equates to 18.34% of budgeted capital expenditure for the year under review. However, this did not have a negative impact on the service delivery of the municipality. The main reasons for the underspend are as follows:

- The environmental impact assessment for the street and storm water projects took longer than anticipated and the record of decision could not be issued prior to the completion thereof.
- Special attention was given to the compilation of specifications for the chlorine store as it needs to comply with the legal requirements for the safeguarding of dangerous goods.
- Equipment and vehicles bought are adjusted according to the requirements of the services to be performed.
- Savings on completed projects occurred where the actual costs were less than the costs budgeted for.

Governance framework

14. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the key governance requirements addressed below:

Key governance responsibilities

15. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	■	

No.	Matter	Y	N
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.		■
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	■	
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines section 126 of the MFMA.	■	
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.	■	
Development and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	<ul style="list-style-type: none"> The municipality had an audit committee in operation throughout the financial year. 	■	
	<ul style="list-style-type: none"> The audit committee operates in accordance with approved, written terms of reference. 	■	
	<ul style="list-style-type: none"> The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA. 	■	
7.	Internal audit		
	<ul style="list-style-type: none"> The municipality had an internal audit function in operation throughout the financial year. 	■	
	<ul style="list-style-type: none"> The internal audit function operates in terms of an approved internal audit plan. 	■	
	<ul style="list-style-type: none"> The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA. 	■	
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	■	
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	■	
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	■	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 62(1)(c)(i) of the MFMA.	■	
12.	Delegations of responsibility are in place, as set out in section 79 of the	■	

No.	Matter	Y	N
	MFMA.		
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.	■	
14.	SCOPA resolutions have been substantially implemented.	N/A	
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.	■	
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.	■	
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the Swartland against its mandate, predetermined objectives, outputs, indicators and targets section 68 of the MFMA.	■	
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	■	

16. With the implementation of the Standards of GRAP, the municipality experienced some difficulties in producing financial statements for audit purposes that were free from errors and omissions, although not in all instances material. This situation could have led to a qualification of the financial statements had the municipality not adjusted their financial statements during the audit, based on my findings.

17. This is indicative of a situation where pertinent information is not identified and captured by the finance department in a form and time frame to support financial reporting. The internal audit's audit plan and the audit committee's oversight should include processes to identify such information and to ensure that it is considered for reporting purposes.

18. The next few years will pose greater challenges for the municipality with the ongoing transition to full implementation with the Standards of GRAP and the implementation of additional, approved Standards of GRAP. In order to deal with the material misstatements in financial statements that have to be corrected during the audit period, the municipality needs to:

- develop a strategy that has the overall aim to improve financial management controls relating to compliance with accounting standards and reconciliation and maintenance of underlying records, in order to produce accurate financial statements
- implement a discipline of producing periodic (monthly or quarterly at a minimum) financial accounts

- subject the financial statements to a quality review before they are submitted for auditing, while the internal audit unit and audit committees can play a crucial role in the review process of the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

19. I have reviewed the performance information as set out on pages 80 to 84 (Annexure 1 of the annual report).

The accounting officer's responsibility for the performance information

20. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality, prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

The Auditor-General's responsibility

21. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.

22. In terms of the foregoing my engagement included performing procedures of a review nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

23. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the findings reported below.

Findings on performance information

Non-compliance with regulatory requirements

24. The performance report does not include a comparison of the municipality's performance during the financial year with performances of the previous financial year as required by Section 46 of the Municipal Systems Act.

Inconsistently reported performance information

25. Measurable objectives were inconsistent between the annual performance report, the Integrated Development Plan and the budget.

APPRECIATION

26. The assistance rendered by the staff of the Swartland Municipality during the audit is sincerely appreciated.

Auditor-General

Cape Town

9 February 2010



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence